

Prime Value Opportunities Fund

Fund Update - November 2015



- The broader Australian market was slightly lower with the key ASX300 Index falling 0.7%
- Slater & Gordon and Dick Smith which both fell more than 60% during the month are a reminder of cash flow and transparency risks in the mid to small end of the market
- The Fund performed well, returning a positive 1.7% in November with our healthcare and legal services companies key contributors to outperformance

	Total Return*	S&P/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	16.0%	9.5%	8.0%
3 Years (pa)	16.4%	9.7%	8.0%
1 Year (pa)	13.5%	2.1%	8.0%
3 Months	7.4%	0.7%	1.9%
1 Month	1.7%	-0.7%	0.6%

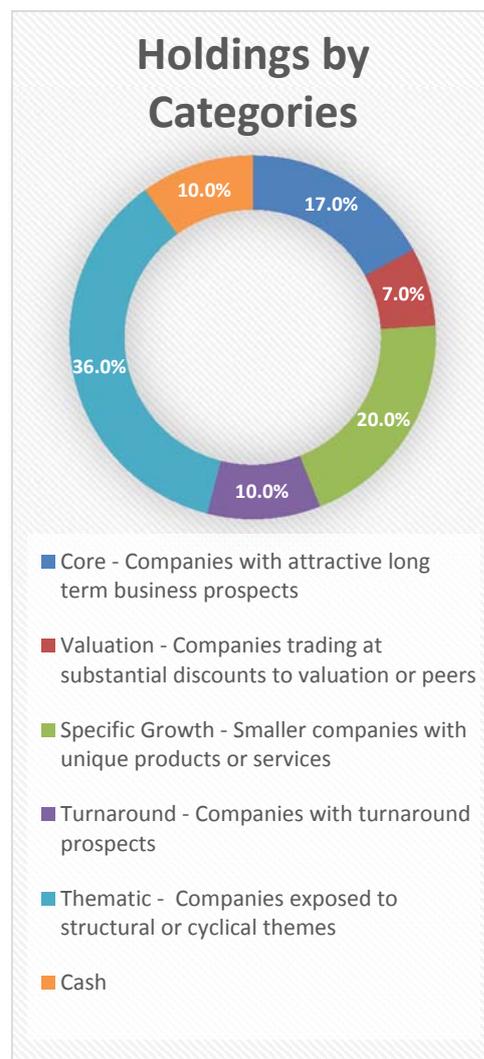
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	-0.6%	4.0%	-2.2%	-1.7%	14.1%	14.1%
FY 2014	4.4%	2.6%	4.4%	5.0%	-1.1%	1.5%	-1.9%	5.9%	0.2%	0.3%	0.3%	-1.4%	21.4%	38.5%
FY 2015	2.5%	1.0%	-4.1%	3.1%	-1.9%	0.7%	1.5%	5.7%	1.4%	-1.0%	0.5%	-4.3%	4.6%	44.9%
FY 2016	5.3%	-3.7%	0.1%	5.5%	1.7%								8.9%	57.8%

Top five holdings	Sector
Commonwealth Bank Australia	Financials
Westpac	Financials
Ramsay Health Care	Health Care
CSL Limited	Health Care
Sydney Airport	Industrials

* The top five holdings make up approximately 26.9% of the portfolio

Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark.
Benchmark	8% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure	0 - 20%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	16.0%
Research Rating	Lonsec - Investment Grade Zenith - Approved



Market review

The Australian share market eased slightly in November with the ASX300 declining by -0.7%. Healthcare was the standout sector (+5.3%), while the materials sector was by far the worst performing sector, down 12.4%. Small caps were flat, outperforming large caps (-0.8%) and mid-caps (-0.6%). The downward trend in Chinese growth and a much anticipated lift in US rates are two key factors weighing on both commodity prices and emerging markets. The US dollar and bond yields rallied during the month as markets began to increasingly price-in a December rate hike following the release of strong economic data, including unemployment which fell to 5%.

Domestically, stronger than expected employment data reduced expectations of a near-term rate cut and supported the AUD (up 1.1c to USD 0.7250). While limited in its scope, materially weaker-than-forecast capex spending data was a clear reminder of the economic headwinds moving into 2016. The positive offset for the economy and equity markets is historically low interest rates (with an easing bias) and a relatively constrained Australian dollar.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$157,800 (net of fees excluding performance fees). This compares very favourably with the return of the benchmark, where a \$100,000 investment would have increased to \$126,700 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	\$20,000	N/A
Issue price	\$1.4863	\$1.4599
Withdrawal price	\$1.4751	\$1.4489
Indirect Cost Ratio (ICR)	0.95% pa	0.95% pa
Performance fee	15% ¹	15% ¹

¹ of performance (net of management fees) above the agreed benchmark, subject to a high water mark

Fund review & strategy

The Fund posted a positive return of 1.7% (after fees) for the month, outperforming its absolute return benchmark and the S&P/ASX 300 Accumulation Index by 1.1% and 2.4% respectively. The Fund has outperformed the S&P/ASX 300 Accumulation Index by 11.9% for the financial year-to-date.

In absolute terms, the major contributors to the Fund's performance were IPH (+14.3%), Ramsay Health Care (+6.8%) and CSL (+6.7%), while BHP (-21.4%), TPG Telecom (-6.6%) and Macquarie (-5.0%) were the three major detractors.

Developments in the small cap sector are a reminder to be vigilant. Ex50 company Slater & Gordon fell 67% while ex100 company Dick Smith fell 60% during the month. Although neither of these companies are held by the Fund, it is a reminder of our focus on capital preservation and the importance of avoiding potential mistakes. It is as important to avoid mistakes as it is to uncover the next investment opportunity. The outcome of executing this investment philosophy has been particularly pleasing this year. So far, this calendar year, the Australian share market is up 1.1% while the Fund has returned 13.6%.

Top contributors (absolute)	Sector
IPH Limited	Industrials
Ramsay Health Care	Health Care
CSL Limited	Health Care

Top detractors (absolute)	Sector
BHP Billiton	Materials
TPG Telecom	Telecommunications
Macquarie Bank	Financials

Platforms
BT Wrap, Hub24, Netwealth, Powerwrap

Contact details:

Phone: 03 9098 8088
 Fax: 03 9098 8099
 Email: info@primevalue.com.au

Mail:

Prime Value Asset Management Ltd
 Level 9, 34 Queen Street
 Melbourne VIC 3000

Web: www.primevalue.com.au

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