

Prime Value Opportunities Fund

Fund Update - September 2015



- Mixed messages from the US Fed on interest rates and weak Chinese economic data cast a shadow over markets
- A new Australian Prime Minister has reignited debate on lifting Australia's economic prospects. We expect further developments to come as the economy transitions from resources sector leadership
- The pullback during the September quarter has provided opportunities to top up holdings in a number of companies we own

	Total Return*	S&P/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	14.2%	8.7%	8.0%
2 Years (pa)	7.4%	2.5%	8.0%
1 Year (pa)	7.0%	-0.7%	8.0%
3 Months	1.5%	-6.5%	2.0%
1 Month	0.1%	-2.9%	0.6%

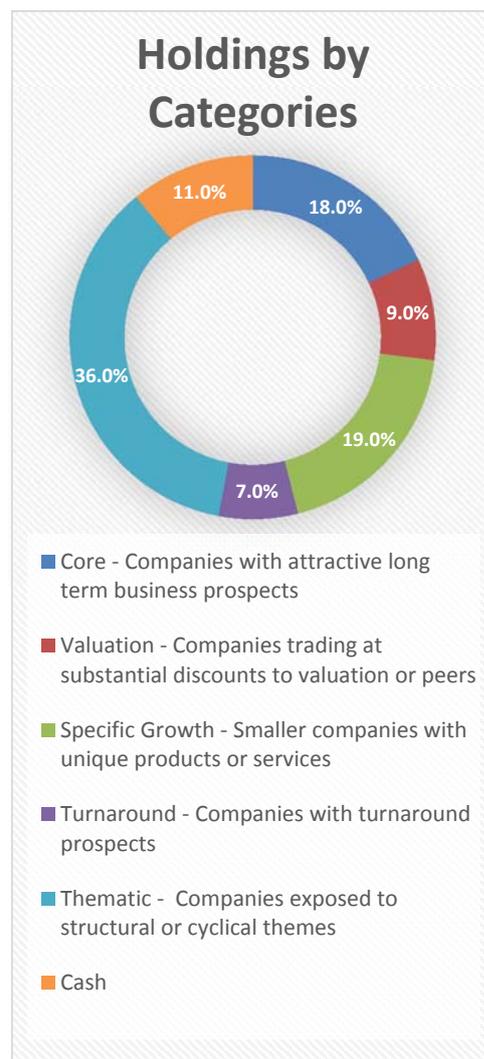
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%										1.5%	47.1%

Top five holdings	Sector
National Australia Bank	Financials
Commonwealth Bank Australia	Financials
Ramsay Health Care	Health Care
Sydney Airport	Industrials
Amtcor	Materials

* The top five holdings make up approximately 27.8% 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 - 5 years +
Annualised Return	14.2%
Research Rating	Lonsec - Investment Grade Zenith - Approved



Market review

Equity markets continued to sell-off in September reflecting mixed messages from global events. The Australian share market declined 2.9% to extend the current correction to approximately 15% since April. Soft Chinese economic growth and no move from the US Fed on interest rates were dominant market themes. China's economic growth prospects remain under the microscope as official statistics signalled soft demand. Commodity prices and resource stocks were hit particularly hard. The Australian dollar sold off against most major currencies, falling below AUD0.70 at one point for the first time since early 2009 before closing down -0.7c at AUD0.702.

Unsurprisingly, the resource sectors were the worst performing sectors of the market, with the local energy sector down 12% for the month (-24.1% for the quarter). IT (+6.1%) and Industrials (+2.1%) were the only domestic sectors to post positive returns in September. The major banks continued to underperform, down 3.8% for the month and 11.3% for the quarter. Small caps (-0.5%) and mid-caps (-1.8%) outperformed large caps (-3.2%), continuing the trend for the quarter.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$147,100 (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 \$125,000 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	\$1.3856	\$1.3612
Withdrawal price	\$1.3752	\$1.3508
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 0.1% for the month, outperforming the S&P/ASX 300 Accumulation Index by 3% after fees. In absolute terms, the Fund's major contributors to performance were IPH (+25.5%), Veda (+27.8%) and TPG Telecom (+15.7%). The major detractors were BHP (-11.8%), Ramsay Health Care (-6.4%) and Harvey Norman (-10.6%).

M&A activity featured heavily in company specific news for the Fund with the strong performance of Veda the result of a takeover offer from US based Equifax Inc. Oil Search also performed strongly in relative terms after the company received a takeover offer from Woodside, which was subsequently rejected by the Oil Search Board.

The change in Australia's political leadership from Tony Abbott to Malcolm Turnbull has reignited debate on what could be done to lift Australia's economic prospects. We make the observation that current debate has centred on housing affordability, infrastructure, exports of services and tax reform—notably factors that underpin a transitioning Australian economy. Our portfolio has been positioned for the economic transition and we will continue to assess developments as they arise.

Top contributors (absolute)	Sector
IPH Limited	Industrials
Veda Group	Industrials
TPG Telecom	Telecommunications

Top detractors (absolute)	Sector
BHP Billiton	Materials
Ramsay Health Care	Health Care
Harvey Norman	Consumer Discretionary

Platforms
BT Wrap, Hub24, Netwealth, Powerwrap

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