Prime Value Emerging Opportunities Fund Update – February 2019

- Global share markets continued to rebound from the weak December quarter. Australia was one of the best performing markets in February
- The Emerging Opportunities Fund return was +5.8% in February, 1.0% above the Emerging Companies Index return of 4.8% and 5.2% above its benchmark of 0.6% (8% p.a.).
- It was a pleasing result given the low risk profile of the portfolio. Our cash holding averaged 16% over the month and we do not hold the more speculative stocks which perform strongly when markets turn bullish.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**9.8%**	8.0%	1.8%
2 Years (p.a.)	**8.8%**	8.0%	0.8%
1 Year	**2.7%**	8.0%	(5.3%)
3 Months	**1.1%**	1.9%	(0.8%)
1 Month	**5.8%**	0.6%	5.2%

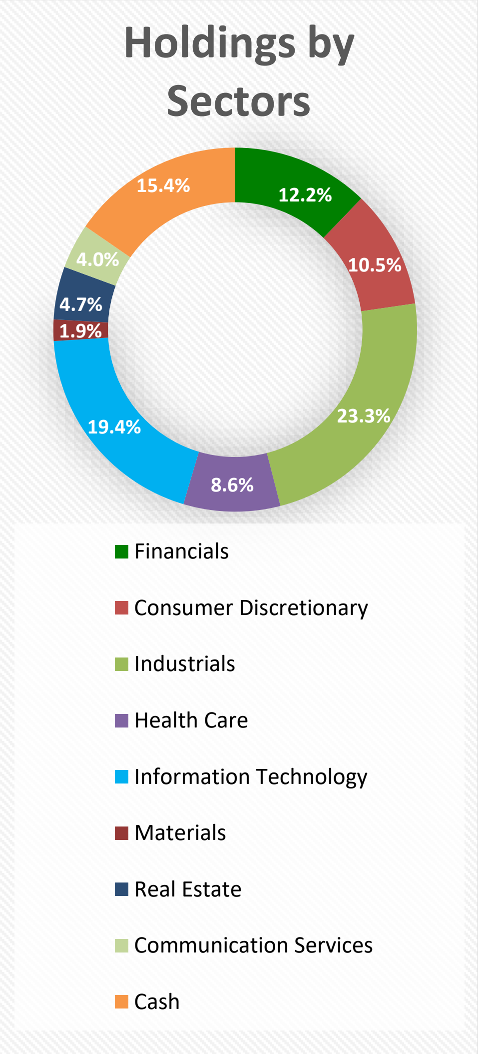
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is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

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2016					6.3%	0.7%	(0.2%)	(3.9%)	2.4%	3.3%	2.4%	(0.2%)	**13.8%**	**13.8%**
FY 2017	7.4%	2.5%	1.6%	(0.3%)	(6.0%)	(2.0%)	1.1%	(1.6%)	1.8%	(1.8%)	(1.2%)	2.5%	**3.4%**	**17.6%**
FY 2018	1.3%	1.8%	2.3%	2.7%	1.5%	3.9%	(0.8%)	0.6%	(2.2%)	(0.5%)	3.9%	3.4%	**19.0%**	**40.0%**
FY 2019	(0.8%)	2.9%	2.1%	(4.8%)	(2.0%)	(5.8%)	1.5%	5.8%					**(1.7%)**	**37.6%**

Top five holdings	Sector
Infomedia	Information Technology
Fisher Paykel Healthcare	Healthcare
Mainfreight	Industrials
Vista Group	Information Technology
Bravura	Information Technology

* The top five holdings make up approximately 18.7 % of the portfolio

Feature	Fund facts
Portfolio Manager	Richard Ivers
Investment objective	To achieve superior absolute returns by providing medium to long term capital growth investing in smaller, high growth companies.
Benchmark	8% p.a.
Inception date	8 October 2015
Typical number of stocks	25-50
Cash	0 - 100%
Unlisted Exposure	0 – 20%
International Exposure	0 – 20%
Distributions	Half-yearly
Recommended investment period	3 + years



Market review

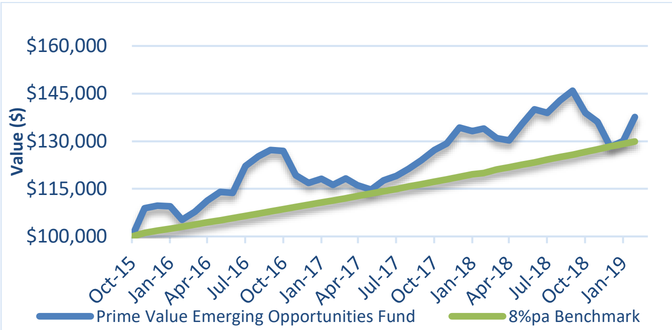
Global markets rallied in February, with Emerging markets up 1.1% and Developed markets up 3.4%. The Australian market rose 6.0% (ASX300 Accumulation Index) and was the best performing major Developed market in local currency terms followed by the Euro Stoxx 50 (+4.4%) and the S&P500 (+3.2%).

Global bonds sold off due to a rise in inflation expectations from higher oil prices. The Australian Dollar fell to $0.7110 against the US Dollar, driven by the market pricing in a 25 basis point cut from the RBA by early 2020.

Bulk commodity prices were mixed in February, with iron ore up US$0.50/t to US$85/t, while thermal coal fell, but hard coking coal rose. Brent oil prices rose US$4.14/bbl in February to US$66.03/bbl on falling US inventories. Gold prices fell on a stronger US dollar.

The Australian equity market's 6.0% gain in February backed up the strong January gains to post a cumulative 10.1% return for the first two months of 2019. All sectors posted positive returns in February with the exception of Consumer Staples (-1.5%), whilst the Financials Sector (+9.1%) had its strongest monthly return since October 2011. The Financials sector performance was driven by the Banks, whilst large cap Miners held the fort for the Resources sector.

The Small Ordinaries Accumulation Index rose 6.8% in February. We note that The Small Ordinaries Index is currently trading on a one-year forward PER multiple of 16.8x, an 11% premium to its five-year average.



This graph shows how $100,000 invested at the Fund's Inception has increased to $137,600 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $129,900 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price	$ 1.3289
Withdrawal price	$ 1.3183
Distribution (30/06/2018)	$0.0423
Indirect Cost Ratio (ICR)	1.25%*
Performance fee	20%** p.a.

* Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC **Of performance (net of management fees) above the agreed benchmark, subject to positive performance

Fund review & strategy

The fund's return was +5.8% in February. Key positive contributors to returns were **Appen** (APX +46.7%), **City Chic** (CCX +42.0%) and **Infomedia** (IFM +24.8%). Key detractors were **Capitol Health** (CAJ -29.1%), **Smart Group** (SIQ -18.9%) and **Apollo Tourism & Leisure** (ATL -15.9%).

February is known as "reporting season" when most companies report their financial results for the 6 months to December 31. These results are the key driver of stock prices and it is typically a more volatile period at the individual stock level. It is also a particularly active period for us as we conduct a large number of face to face company meetings.

Appen rallied after a very strong result that beat expectations which were previously upgraded in November 2018. Demand for data by big tech companies remains extremely strong and the company is using this growth to reinvest in the business which sets it up well for the longer term. **City Chic** defied well-reported gloom in the retail sector over Christmas with a very strong result that included comparable store sales growth of 10% and margin expansion. It has a leading offer in the plus-sized female apparel market and very high customer engagement reflected in 92% of sales through customer loyalty programs. 40% of sales are online. **Infomedia** reported another strong result with revenue +14% and cash EBITDA +114%. It also benefitted from increased investor appetite for global companies with a strong growth profile.

Capitol Health reported a weaker than expected result along with guidance for the full year that was below expectations. This was based on soft diagnostic imaging volumes over the December to January period and may prove conservative with volumes appearing to rebound recently, albeit over a short time period. **Smart Group** reported a softer than expected result and flagged a small earnings headwind in 2019 from more extended warranties by car manufacturers. **Apollo Tourism & Leisure** fell after its result was weaker than expected.

New positions were established in **Webjet** (WEB) and **Redflex** (RDF). We exited **Apollo Tourism & Leisure** (ATL)**, Helloworld** (HLO), **Bapcor** (BAP) **and Cogstate** (CGS).

The change to the funds mandate in January has already proved beneficial to investment returns. A number of companies that we were previously restricted from investing in, boosted returns in February.

Top Contributors (Absolute)	Sector
Appen Limited	Information Technology
CCX	Consumer Discretionary
IFM	Information Technology
Top Detractors (Absolute)	**Sector**
CAJ	Health Care
SIQ	Industrials
ATL	Consumer Discretionary

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