



PrimeValue
Building Wealth Together

PRIME VALUE EMERGING OPPORTUNITIES FUND

Product Disclosure Statement

Contents

1. About Prime Value Asset Management Limited
2. How the Prime Value Emerging Opportunities Fund works
3. Benefits of investing in the Prime Value Emerging Opportunities Fund
4. Risks of managed investment schemes
5. How we invest your money
6. Fees and costs
7. How managed investment schemes are taxed
8. How to apply

Contact details

Level 9
Prime Value House
34 Queen Street
Melbourne VIC 3000
Phone: 03 9098 8088
Fax: 03 9098 8099
Email: info@primevalue.com.au
Website: www.primevalue.com.au

Important Information

This Product Disclosure Statement (PDS) is a summary of significant information about the Prime Value Emerging Opportunities Fund (ARSN 608 666 324) (APIR Code: PVA0013AU) (Fund) and it contains references to important additional information contained in the Prime Value 'Additional Information to the PDS' (Additional Information). The Additional Information forms part of this PDS and you should consider the whole PDS including it before making a decision to invest. The Additional Information and the PDS are available at www.primevalue.com.au or you can request a copy by calling us on 03 9098 8088. The information provided in the PDS is general information only and does not take into account your personal investment objectives, financial situation or needs.

You should obtain professional financial advice tailored to your personal circumstances.

Prime Value Asset Management Ltd (ABN 23 080 376 110) (AFSL 222 055) (Prime Value) has prepared and issued this PDS as at 7 January 2019. Information in this PDS is subject to change of a type that is not materially adverse from time to time. You can obtain any updated information by contacting Prime Value on 03 9098 8088. A paper copy of the updated information will be provided free of charge on request.

All amounts in this PDS are in Australian dollars unless stated otherwise. All fees are inclusive of goods and services tax (GST) and take into account reduced input tax credits (RITCs) if applicable.



Standard and Poor's Boutique Fund Manager of the Year Award - Winners

1. About Prime Value Asset Management Limited

Prime Value is a multi-award winning boutique Australian investment manager with an impressive history of building wealth with investors since 1998.

As Responsible Entity of the Prime Value Emerging Opportunities Fund, it holds an Australian Financial Services License that authorises it to operate managed investment schemes. Prime Value is responsible for the management and administration of the Fund and sets the investment policies and objectives.

Track record and Investment style

Prime Value, established in 1998, has a long and successful history in funds management, gaining a reputation as a prudent investment manager.

Prime Value's stable, talented investment team has successfully navigated many market cycles and a wide variety of investment situations including the Asian Currency Crisis, the early 2000's tech boom and bust, the 2008 GFC, the resource boom and subsequent slow down and the rise of China as an economic power.

The team has considerable experience in the corporate sector; an advantage which allows Prime Value to speak the language of companies it invests with and ask the important questions when considering investing with them.

This experience has taught us that investment is more than just science, mathematics and statistics. Art and intuition, which comes from experience and skill, also play an important role.

Prime Value's unique style is not easily replicated. We believe this willingness to follow our own path, combined with our strong culture and sense of stewardship, has driven our consistent record of performance and capital preservation.

Alignment of interest

Prime Value and its investment team are cornerstone investors in Prime Value Funds and have a true alignment of interest with other investors. In this way, "Building Wealth Together" is more than a slogan; it is the heart and soul of Prime Value.

A strong belief in "stewardship" – that managing money for others is an important responsibility – underpins Prime Value's culture. This means a focus on absolute, after-tax performance and a clear priority of minimising investment mistakes.

2. How the Prime Value Emerging Opportunities Fund works

The Prime Value Emerging Opportunities Fund is an Australian registered managed investment scheme and unit trust. The fund is governed by its constitution. In a unit trust structure, when you invest your money it is pooled with other investor funds. The total value of the assets in the Fund is divided into "units" and a "unit price" is calculated each Business Day. Investors receive units when they invest in the Fund. The unit price will generally change daily as the market value of assets in the Fund rises or falls.

Classes of units

Units may be offered in the Fund in one or more classes, and Prime Value has the discretion from time to time in the future to issue more classes. Classes do not constitute separate trust funds. Units of the same class confer equal interest and rights and units of different classes are treated fairly.

Investing in the Fund

To invest in the Fund you will need to complete an application form. You can also add to your investment at any time or make regular monthly investments using the Regular Savings Plan. For further information, please see Section 8 'How to apply'.

The following minimum investment amounts apply:

- Minimum initial investment: \$20,000
- Minimum additional investment: \$5,000
- Minimum monthly investment: \$500

We may accept lower amounts at our discretion and reserve the right not to accept an application to invest for any reason.

Withdrawing from the Fund

Investors can withdraw some or all of their investment by completing a withdrawal form. Subject to the Fund being liquid, withdrawals are generally processed daily within 10 Business Days. However in certain circumstances, such as when there is a suspension on redemptions or where the Fund becomes illiquid (as defined in the Corporations Act), you may not be able to withdraw your investment within the usual period and alternative withdrawal procedures may apply.

In addition, if we estimate at a valuation time that we have received total withdrawal requests exceeding 5% of the total number of units on issue, we may defer a proportion of each request on a pro rata basis so that each redeeming unitholder receives redemption proceeds based on prices determined at successive valuation times. See Section 3 of the Additional Information at www.primevalue.com.au for more information.

You should read the important information about withdrawals before making a decision. Go to section 2 of the Additional Information at www.primevalue.com.au. The material relating to this matter may change between the time when you read this PDS and the day when you acquire the product.

Income Distributions

The net income of the Fund is distributed to investors throughout the year. The Fund generally pays distributions half-yearly as at 30 June and 31 December.

You can choose to have your distributions automatically reinvested into additional units in the Fund or paid directly into your nominated bank account. There is no buy-sell spread on distributions that are reinvested.

The timing and amount of distributions may be different for Indirect Investors. Please refer to the PDS or other disclosure document provided by the IDPS operator.

3. Benefits of investing in the Prime Value Emerging Opportunities Fund

- 1 STEWARDSHIP** – Prime Value has been co-investing with its investors since 1998. Managing our investors' money is our primary purpose, a role we treat with utmost responsibility and prudence.
- 2 INDEPENDENCE** – Prime Value's ownership is open and transparent. Freedom from institutional constraints lets us act in investors' best interests with an eye to the long term, rather than short term performance measures.
- 3 RISK MANAGEMENT** – Prime Value has a strong history of protecting investors' capital in difficult markets. We believe the Investment professional who makes the least mistakes generally produces superior results over time – the goal is superior returns whilst minimising the risk of permanent capital loss.
- 4 CULTURE** – Prime Value has developed a culture which is inclusive and collaborative. Ideas are shared across the team and this approach is reflected in the longevity and stability of the investment team.

3. Benefits of investing in the Prime Value Emerging Opportunities Fund (continued)

Investment philosophy

The following are the four pillars of our investment philosophy:

Stewardship: We take our role as stewards earnestly and value our responsibility to investors – putting our clients first. Co-investing alongside our investors ensures a true alignment of interest.

Quality investing requires a balance between Art and Science: Prime Value enjoys the flexibility of being a style-neutral manager because it allows us to select stocks from across the ASX. This independent approach has delivered for over 20 years and means our process is not easily replicated.

When evaluating investment opportunities, we focus on good companies selling below intrinsic value. We judge stocks based on investment fundamentals while also taking into account macro economic data, corporate financial reports, industry data and comments from corporate officers to determine whether a stock is under or over-valued.

Prime Value believes all economic and financial tests require flexibility, depending on the phase in the economic cycle or the type of stock. There is no standard way of identifying winners or losers in the stock market. Experience and common sense dictate how the formula must be adapted to determine the appropriate investment decision for each security.

Analysis is the first step in investing; however interpretation and judgment are equally important.

Minimising mistakes: Minimising mistakes is our number one imperative. We must remember investment decisions are based on market views and intelligence that is often

faulty, and on research that is never complete and error-free. Managers therefore live and die on their own judgments. This may seem to be lacking the heroics of picking big winners, but in practice the Investment Manager who makes the fewest mistakes usually produces superior results. Our research efforts are focused as much on avoiding losers as identifying winners.

Equity indices are inefficient: Equity indices are a good way to get a feel for how well the market in general has performed, but they are not necessarily a good model for how to build a portfolio of stocks. At Prime Value, our main focus is on good companies selling below their intrinsic value.

Investing in emerging companies allows us opportunities often overlooked by major fund managers and stockbrokers. There are good reasons to look beyond the obvious. Stocks outside the ASX 100 are less researched and less influenced by trading and market factors and are more suited to detailed fundamental analysis as the basis for investment selections.

Our portfolios are constructed based on the expected return characteristics of the individual companies without reference to their size. We invest in a “market of stocks”, free of benchmark constraints.

You should read the important information about significant benefits of the Fund before making a decision. Go to section 3 at the Additional Information at www.primevalue.com.au. The material relating to this matter may change between the time when you read this PDS and the day when you acquire the product.

4. Risks of managed investment schemes

Before investing, each potential investor should consider whether the Fund is a suitable investment given their personal investment objectives.

When considering any investment in a managed investment scheme, it is important that you understand:

- all investments carry risk;
- the value of investments will go up and down;
- the level of returns will vary, and future returns may differ from past returns;
- returns are not guaranteed, and investors may lose some of their money;
- laws affecting registered managed investment schemes may change in the future;
- assets with the highest long-term returns may also carry the highest level of short-term risk
- the level of risk for each investor will vary depending on a range of factors, including age, investment time frames, where other parts of the person’s wealth are invested, and the investor’s risk tolerance.

Every investment involves varying degrees of risk and different investment strategies may carry different levels of risk, depending on the assets that make up the strategy. While there are many factors which may impact on the performance of any investment, the summary below details the key risks that investors should be aware of when investing in the Fund:

Risks associated with an investment - An investment in the Fund is predominantly an indirect investment in equities listed on a recognised Australian stock exchange, mainly

the ASX, and the risk profile of an investment in the Fund is expected to be similar to the risk profile of an investment in Australian equities. Over time, the performance of stock markets can rise and fall and, at times, substantial negative returns have been produced by investments in stock markets. Prime Value cannot assure investors of positive or superior returns in any financial year because the markets can take unexpected turns and the value of an investment may fluctuate accordingly.

Small company risk – Shares in small companies may trade less frequently and in smaller volume and may experience greater price volatility than larger companies.

Illiquidity risk – The risk that an investment may not be easily converted into cash with no loss of capital and minimum delay, because of either inadequate market depth or disruptions in the market place.

Market risk - The market price of securities in which the Fund will invest will be affected by numerous factors including changes in interest rates, exchange rates, inflation, market sentiment and the rate of growth of domestic and foreign economies. War between significant countries and acts of terrorism on a large scale can have a significant adverse direct and indirect effect on both the Australian and global stock markets.

It is not possible to eliminate market risk, and many of the components of market risk cannot be controlled by Prime Value. The value of such investments in which the Fund invests will also be affected by the risks that may adversely affect the units in the Fund.

4. Risks of managed investment schemes (continued)

Investing in a managed fund - There are some risks inherent in the operation of a managed fund. These include that the Fund could terminate, or fees and expenses could change. The ability of the Fund to pay distributions is dependent upon the Fund having sufficient cash resources and distributable income.

Changes in Government Policy and Taxation - An investment in the Fund may be affected by changes in government policy and legislation in relation to taxation. Changes to the tax system may impact both the performance of companies in which the Fund invests and the manner in which income and capital profits (or losses) are treated.

Stock selection risk - Performance may be lower than the return on the market due to poor investment decisions. This risk is reduced by the employment of a highly qualified, experienced and stable investment team, with a proven performance track record.

Portfolio risk - Investing in a portfolio with a smaller number of investments (typically 25 to 50 stocks) may lead to more volatile returns than investing in an equity fund with a more diversified portfolio.

Currency risk - This is the risk that currency movements can adversely affect the value, in Australian dollar terms, of international investments. Currency movements may also affect the Australian dollar earnings of companies the Fund invests in.

Derivative risk - Prime Value may use derivatives for risk management purposes only.

The derivative may not move in exactly the same way as the underlying physical security (basis risk) and so may not provide exactly the same exposure.

Force majeure events - Force majeure generally refers to an event beyond a party's control, including acts of God, fire, flood, earthquakes, war, acts of terrorism, and labour strikes. A force majeure event may adversely affect the normal operations of financial markets, or the ability of Prime Value, the companies into which the Fund invests or counter-parties utilised by Prime Value.

Before choosing to invest in the Fund, you should consider the likely investment return, the risks of investing and your personal investment time frame.

5. How we invest your money

Investment return objectives	The Fund seeks to achieve superior total returns by providing medium to long term capital growth by investing in smaller capitalisation companies. A long only concentrated fund that leverages Prime Value's fundamental research capabilities while minimizing the risk of permanent capital loss.
Minimum suggested time frame	3 years
Authorised Investments and asset allocation ranges	The Fund: <ul style="list-style-type: none"> is comprised of a concentrated portfolio of securities outside the ASX100 as follows: <ul style="list-style-type: none"> - ASX listed and other exchange listed Australian securities 0% - 100% - Unlisted Australian securities 0% - 20% - Global listed securities 0% - 20% can at times be largely invested in cash and fixed interest (up to 100%), dictated by the attractiveness of investment opportunities and market conditions; and; can use derivatives for risk management purposes. Prime Value will endeavour to work within the above guidelines, however these should be viewed as objectives only and not absolute limits.
Benchmark	8.0% pa
Description of the Fund	The Fund will be comprised of securities, primarily companies listed on an Australian stock exchange outside ASX100, with an emphasis on capital preservation. The Fund is designed for investors seeking medium - long term capital growth who are prepared to accept fluctuations in short-term returns.
Typical number of stocks	25 – 50
Commencement date	8 October 2015
Risk level	High The likelihood of the value of your investment going down over the short term is relatively high compared to investments in funds investing in other types of assets such as fixed interest or cash.
Fund Performance	For up-to-date information on the performance of the Fund, including performance history, please visit www.primevalue.com.au and click on 'Our Funds' or call us on 03 9098 8088. Past performance is not necessarily an indicator of future performance.

5. How we invest your money (continued)

Labour standards and environmental, social and ethical considerations

Labour standard and environmental, social and ethical considerations are highly complex and there are often contradictions and difficulties in what constitute a labour standard or social, ethical or environmental consideration. While the Fund does not take into account such matters, Prime Value is a socially conscious investor and examines each investment on a case by case basis. Prime Value is committed to the concept of “responsible investing” and applies a “negative screen” to avoid companies whose behaviour or activities are considered, in its opinion, to be highly unethical or not responsible. For instance, the Fund will not invest in companies which directly derive a significant proportion of their income from tobacco, gambling, armaments or pornographic activities.

6. Fees and costs

The information in the following box is a standard consumer advisory warning and does not provide specific information on the fees and charges that you may be charged.

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

This section shows fees and other costs (unless otherwise stated, inclusive of GST and less any RITC, where applicable) that you may be charged in respect of the Fund. These fees and charges may be deducted from your account, from the returns of your investment or from the Fund’s assets as a whole.

You should read all the information about fees and costs before making a decision because it is important to understand their impact on your investment. The information in the table below can be used to compare costs between different simple managed investment schemes.

Type of Fee or Cost	Amount
Transaction Costs - Fees when your money moves in or out of the Fund	
Establishment Fee	Nil
Contribution Fee	Nil
Withdrawal Fee	Nil
Termination Fee	Nil
Management Costs - The fees and costs of managing your investment	
Management Fee	1.25% pa The fee is calculated and accrued daily on the net asset value of the Fund at the end of each day, and payable from the Fund’s assets within five (5) Business Days of the end of each calendar month.
Performance Fee	20.0% of net performance above 8% pa, subject to Section 6 of the Additional Information. A daily performance fee is calculated on the increase in the value of the Fund relative to an 8% performance hurdle. The daily amounts are added, and where the cumulative balance is positive, performance fees are accrued in the unit price. At the end of each half year (as at 30 June and 31 December), where the cumulative daily performance fee balance is positive, it will be paid from the Fund.
Indirect Costs	Nil fees and costs arising from underlying funds and strategies.

Go to section 6 of the Additional Information at www.primevalue.com.au/pds for further information. The material relating to this matter may change between the time when you read this PDS and the day when you acquire the product.

6. Fees and costs (continued)

Additional Explanation of Fees and Costs

Fund Expenses and Transaction Costs

Prime Value will meet all Fund expenses unless otherwise advised. These include fees and expenses payable to the auditor and custodian, as well as customary professional fees incurred by the Fund.

However, under the Constitution of the Fund, Prime Value is indemnified and entitled to be reimbursed out of, or paid from, the assets of the Fund for all costs (which includes all charges, fees, expenses, liabilities, and losses) incurred at law or in connection with the proper performance of its duties under the trust deed, the exercise of its powers, the course of its office, or in relation to the marketing, administration, management and termination of the Fund.

In addition, management costs do not include transactional and operational costs, being costs associated with the buying and selling of investments for the Fund. Costs such as brokerage, settlement costs, clearing costs, stamp duty and implicit trading costs are generally incurred in connection with day-to-day trading for the Fund or when there are applications into or redemptions from the Fund. Transactional costs are reflected in the Fund's unit price.

During the financial year ended 2017, the total transaction costs for the Fund were estimated to be 0.36% of the NAV of the Fund, of which 0.31% was recouped via the buy/sell spread, resulting in a net transactional cost to the Fund of 0.05%.

Example of Annual Fees and Costs

This table gives an example of how the fees and costs for the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example – Balance of \$50,000 with total contributions of \$5,000 during the year		
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management costs		
Management fees	1.25%	And, for every \$50,000 you have in the Fund you will be charged approximately \$625 ⁺ each year.
Performance fees	Nil [*]	
EQUALS Cost of Fund		
		If you have an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of approximately \$625 [^] plus a performance fee [*] if applicable. What it costs will also depend on the fees you negotiate with your financial adviser, if applicable.

⁺ The management fees example is based on the actual ICR of the Fund of the 2017 financial year, to give a better indication of the amount that could be paid. In practice, fees charged will differ from the above due to fluctuations in the value of your investment, and the timing of contributions.

^{*} Is it not possible to estimate the performance fee payable in any given year, as the performance of the Fund cannot be forecasted. As an indication, based on performance of the Fund in the 2017 financial year, it is estimated that the performance fee payable may be Nil. Actual performance fees for the current and future years may differ and may or may not be payable depending on how the Fund performs relative to its benchmark for any relevant period.

[^] This example assumes the \$5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the \$50,000 balance only.

The example does not capture all fees and costs which may apply such as the buy/sell spread.

ASIC provides a fees calculator on its website www.moneysmart.gov.au, which you could use to calculate the effects of fees and costs on your investment in the Fund.

Warning: Additional fees may be paid to a financial adviser if you consulted a financial adviser. Where you receive financial advice, you should refer to your Statement of Advice for full details of these fees.

7. How managed investment schemes are taxed

Investing in managed funds is likely to have tax consequences. Managed funds generally distribute all of their income each year so that they are not subject to tax. Managed funds do not pay the tax liability on behalf of Australian resident investors. Australian resident investors will be assessed for tax on their share of the income and capital gains generated by the Fund. In normal circumstances, you should expect that some income and/or capital gains will be generated each year.

Because the Australian taxation system is complex and different investors have different circumstances, you are strongly advised to seek professional tax advice before investing in the Fund.

You should read the important information about tax before making a decision. Go to section 7 of the Additional Information at www.primevalue.com.au/pds. The material relating to this matter may change between the time you read this PDS and the day you acquire the product.

8. How to apply

Initial Applications

1. Complete and return an application form accompanying this PDS.
As part of the application process we are required by law to verify your identity before accepting your application. Please refer to the Anti-Money Laundering and Counter Terrorism Financing Act information included in the Additional Information booklet for further information.
2. Arrange payment. Refer to the application form for payment options. The minimum initial application is \$20,000.

Additional Applications

You can add to your investment at any time by simply notifying us in writing and sending payment. An additional application form may be used. This form is available at www.primevalue.com.au/forms or upon request. The minimum additional investment is \$5,000.

Regular Savings Plan

The Regular Savings Plan allows you to add to your investment in the Fund on a regular monthly basis. The minimum investment is \$500 per month.

To start a Regular Savings Plan, please enter the amount to be directly debited to your bank account monthly in Section 9 of the application form and complete the Direct Debit Request in Section 10 of the application form. The application form is available at www.primevalue.com.au/forms or call us on 03 9098 8088.

Issue price and cut offs

Units will be allocated at the relevant issue price. An issue price is the net asset value of the Fund, plus an allowance for transaction costs divided by the number of units on issue in the Fund. Unit prices will be calculated daily on the basis of the most recent valuation of the assets of the Fund.

You should read the important information about the buy-sell spread before making a decision. Go to section 6 of the Additional Information at www.primevalue.com.au/pds. The material relating to this matter may change between the time when you read this PDS and the day when you acquire the product.

This price is available by contacting us on 03 9098 8088 or visiting www.primevalue.com.au.

When we receive your forms and payment by 3.00pm (Melbourne time) on a Business Day, the issue price applied is the price at the close of business on that day. If they are received after 3.00pm, the issue price for the following Business Day is used.

Cooling Off Rights

Retail investors (as defined by the Corporations Act) have a 14 day cooling-off period to ensure that the investment meets your needs. If exercised, the investor is entitled to receive their application money back adjusted for any market movements and deductions for reasonable transactions costs.

To exercise this right, an investor must notify the Responsible Entity in writing or by email within 14 days from the earlier of:

- The time when the confirmation of the investment is made; or
- The end of the fifth day after the day on which the units were issued to the Investor.

Complaints Resolution

If you have any concerns or complaints, as a first step please contact us and we will do our best to resolve your concern quickly and fairly. Our contact details are on the front cover of this PDS. If you believe that your matter has not been dealt with satisfactorily, you can contact:

Financial Ombudsman Service (FOS)
GPO Box 3 Melbourne Vic 3001
Phone: 1300 780 808
Website: www.fos.org.au

Further Enquiries

If you require further information about the Fund or have any questions about this PDS, please contact our Client Services Team on 03 9098 8088 or email (info@primevalue.com.au).