Prime Value Emerging Opportunities Fund Update – December 2019

- The Australian market was down modestly in December despite easing trade tensions between China and US.
- The Emerging Opportunities Fund return was +0.5% in December, 0.8% above the Small Ordinaries Accumulation Index return of -0.3% and 0.2% below our benchmark of 0.7% (8% p.a.).
- This brings the fund's return for calendar year 2019 to +31.8% (after fees), 10.4% above the Small Ordinaries Accumulation return of 21.4%.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**13.2%**	8.0%	5.2%
3 Years (p.a.)	**13.1%**	8.0%	5.1%
2 Years (p.a.)	**12.2%**	8.0%	4.2%
1 Year	**31.8%**	8.0%	23.8%
3 Months	**9.4%**	2.0%	7.4%
1 Month	**0.5%**	0.7%	(0.2%)

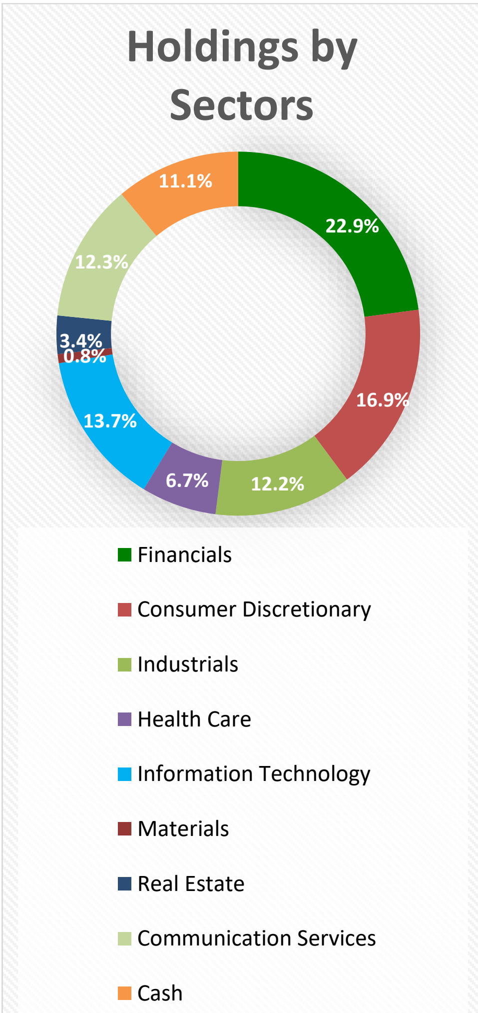
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%	1.9%	2.7%	(1.0%)	(0.6%)	**1.2%**	**41.7%**
FY 2020	5.3%	2.0%	1.5%	4.5%	4.2%	0.5%							**19.3%**	**68.9%**

Top five holdings	Sector
Mainfreight	Industrials
PSC Insurance Group	Financials
News Corporation	Communication Services
EQT Holdings	Financials
Breville Group	Consumer Discretionary

* The top five holdings make up approximately 19.7% of the portfolio

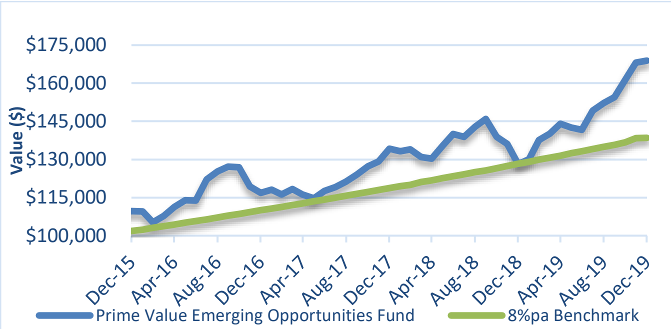
Feature	Fund facts
Portfolio Manager	Richard Ivers
Investment objective	To achieve superior absolute returns by providing medium to long term capital growth investing in smaller, high growth companies.
Benchmark	8% p.a.
Inception date	8 October 2015
Typical number of stocks	25-50
Cash	0 - 100%
Unlisted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



Market review

Global equity markets enjoyed a strong end to the year with the MSCI World Index gaining +2.7% in December, taking 2019 gains to +26%, the best year since 2013. The US S&P500 Index was one of the best performing indices, returning +3.0% with the market boosted by the US and China intention to sign a phase one trade deal. This led to optimism that additional increases in tariffs will be averted. We caution that, details are yet to be worked out, and a re-escalation is possible given the volatile feature of Trump's administration and their posturing for re-election in late 2020. Europe's Stoxx50 and Japan's Nikkei indices gained +1.2% and +1.7% respectively. The UK's FTSE100 Index had a strong month gaining +2.8%, boosted by the Conservatives landslide victory in December. We hope this will lead to a sensible resolution to the UK's Brexit situation.

The Australian share market ended 2019 on a soft note, with the ASX300 Accumulation Index falling 2.0% in December, after a strong performance through 2019. Similar to other markets, the share market rally over 2019 made up for losses in 2018 when markets were heavily sold down due to concerns of interest rate hikes against a backdrop of softening economic growth. During this window of 'weakness' the US Federal Reserve subsequently abandoned its rate hike agenda and delivered three 0.25% rate cuts over 2019. Similarly, the RBA also moved to cut interest rates three times in Australia. The market in December was weighed down by weakness primarily in the Financials and Consumer Staples sectors. The IT sector also came under pressure shedding -4%, with Wisetech falling -14% following yet another research firm questioning the company's accounting practices. The Small Ordinaries Accumulation Index fell by a small 0.3%, unencumbered by the declines of larger financial stocks.



This graph shows how $100,000 invested at the Fund's Inception has increased to $168,900 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $138,500 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price	$1.5984
Withdrawal price	$1.5856
Distribution (31/12/2019)	$0.0400
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

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Fund review & strategy

With calendar year 2019 now completed, returns for the year totalled 31.8% (after fees), 10.4% above the Small Ordinaries Accumulation Index return of 21.4%. This was very pleasing as it followed strong outperformance in 2018 when markets fell. Delivering significant outperformance (after fees) in both falling and rising markets indicates the fund is adding significant value to our investors, not just relying on a style that's works in certain conditions. Additionally the fund outperforms in 80% of months when the market falls, highlighting our focus on downside protection.

Looking forward, we remain positive on the prospects for 2020 albeit recognise that forecasting equity markets accurately is extremely difficult. The portfolio is well positioned with a large number of very exciting investments that should deliver strong multi-year returns.

In terms of recent performance, the return in December was +0.5%, 0.8% above the Small Ordinaries Accumulation Index of -0.3% and 0.2% below our benchmark of 0.7% (8% p.a.).

Key positive contributors in December were **IMF Bentham** (IMF +27.7%), **Oceania Healthcare** (OCA +17.6%), and **Lifestyle Communities** (LIC +11.5%). Key detractors were **Redbubble** (RBL -37.6%), **Decmil** (DCG -47.3%) and **Technology One** (TNE -9.8%).

Patience was rewarded with strong returns from **IMF Bentham** and **Oceania Healthcare** in December**.** After being flat all year Oceania Healthcare bounced strongly, finally following its peers which had been strong in prior months and after a peer (Metlifecare) received a takeover offer at a 38% premium. **IMF Bentham** had a number of news events including success in the Wivenhoe Dam case which could deliver $100m cash to the company (pending appeals), equivalent to 10% of its market capitalisation

We had two stocks that declined significantly in December (Redbubble and Decmil). While their decline was large, the portfolio impact was contained. A key tool we use for managing risk and ensuring downside protection is stock weightings. Our largest holdings are those we consider to be lower risk, not those offering the highest potential investment return. Those with higher risk such as Redbubble and Decmil have a significantly lower portfolio weighting despite offering potentially very large returns. This was key to the fund delivering a positive return in December and outperforming its most comparable index (Small Ordinaries Accumulation) despite two significant negative surprises.

In December we added **GTN** to the portfolio.

Top Contributors (Absolute)	Sector
IMF Bentham	Financials
Oceania Healthcare	Health Care
Lifestyle Communities	Real Estate
Top Detractors (Absolute)	**Sector**
Redbubble	Consumer Discretionary
Decmil Group	Industrials
Technology One	Information Technology

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