Prime Value Emerging Opportunities Fund Update – November 2019

- Equity markets had a solid month in November driven by optimism of a US-China trade deal and potentially further monetary policy easing in 2020 by the Reserve Bank of Australia.
- The Emerging Opportunities Fund had a strong month at +4.2%. This was 2.6% above the Small Ordinaries Accumulation Index return of 1.6% and 3.6% above our benchmark of 0.6% (8% p.a.). Returns for the first 11 months of calendar year 2019 are +31.1% (after all fees), 9.4% above the Small Ordinaries return of 21.7%.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**13.3%**	8.0%	5.3%
3 Years (p.a.)	**12.1%**	8.0%	4.1%
2 Years (p.a.)	**14.1%**	8.0%	6.1%
1 Year	**23.5%**	8.0%	15.5%
2019 calendar year to date	**31.1%**	7.3%	23.8%
3 Months	**10.5%**	2.0%	8.5%
1 Month	**4.2%**	0.6%	3.6%

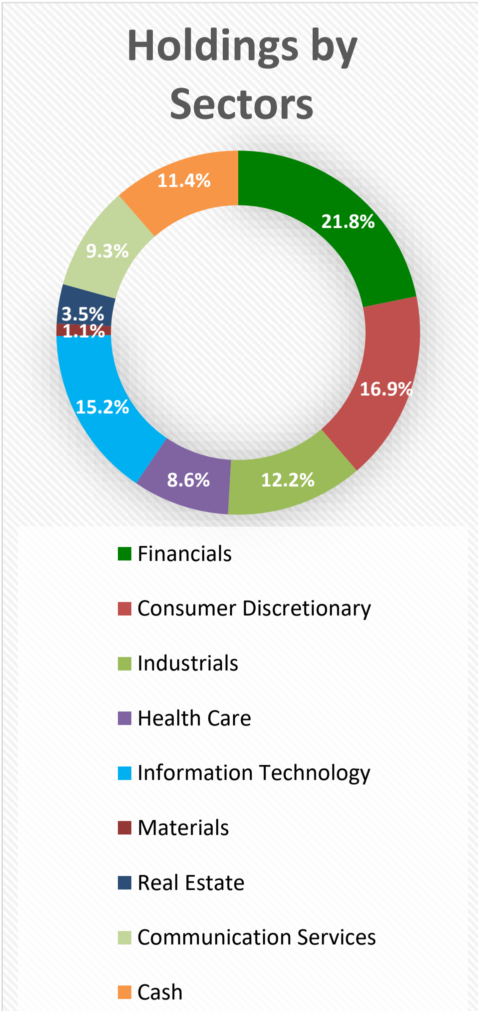
* Total returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%								**18.7%**	**68.1%**

Top five holdings	Sector
Fisher & Paykel Healthcare	Healthcare
EQT Holdings	Financials
Mainfreight	Industrials
PSC Insurance Group	Financials
Bravura Solutions	Information Technology

* The top five holdings make up approximately 21.3% 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



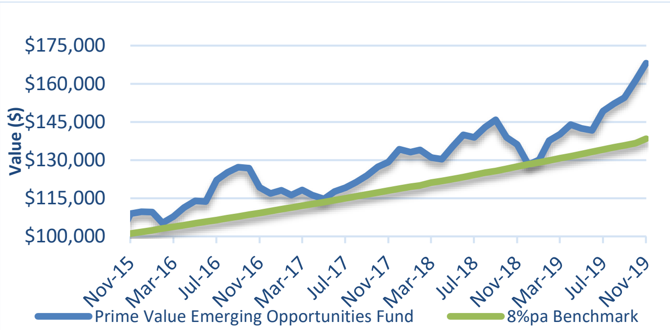
Market review

Australian indexes were up in November with the ASX300 +3.2% and the Small Ordinaries Accumulation Index +1.6%. Resources were softer than industrials as most commodities declined, including gold (-3%). The Small Resources Accumulation Index was -3.7% and the Small Industrials Accumulation Index +2.8%.

Global newsflow continued to be dominated by Brexit/British election and China-US trade relations. Rumours about the prospect of a phase one trade deal continued to surface with positive indications from the Chinese side. The near term outcome of negotiations is hard to predict, however both sides have an incentive to deal. Economic data out of the US was better than expected and a number of M&A deals helped buoy markets. Global PMI's appear to be bottoming which may indicate stronger global growth in 2020 after a relatively soft 2019.

Global markets were also solid in November with the MSCI All Country World index +2.7%, led by the tech-heavy NASDAQ +4.5% while the Hong Kong based Hang Seng was -2.1%.

Locally, news was dominated by the Reserve Bank of Australia (RBA) and Westpac. The RBA provided further guidance on fiscal policy with an easing bias evident and parameters around quantitative easing provided. Austrac alleged Westpac breached anti-money laundering laws over 23m times and the CEO and Chairman announced their resignations.



This graph shows how $100,000 invested at the Fund's Inception has increased to $168,100 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $138,400 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price	$1.5819
Withdrawal price	$1.5693
Distribution (30/06/2019)	$0.0278
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 +4.2% in November, 2.6% above the Small Ordinaries Accumulation Index of 1.6% and 3.5% above our benchmark of 0.6% (8% p.a.). Key positive contributors were **Fisher Paykel Healthcare** (FPH +17.7%), **NRW** (NWH +33.4%), and **Technology One** (TNE +24.7%). Key detractors were **Baby Bunting** (BBN -15.4%), **Infomedia** (IFM -7.4%) and **Australian Finance Group** (AFG -7.8%).

In November, **Fisher Paykel Healthcare** reported its financial results for the 6 months to September 2019. Net profit increased 23% driven by accelerating growth in its largest division (hospital) which accounts for 60% of group revenues. A global leader in respiratory humidification devices for hospitals, it operates in large, growing markets with little correlation to the economic cycle. Their devices improve patient health and reduce healthcare costs for governments and insurers. After strong share price gains, we further reduced our holding on valuation grounds.

In November we exited **Hotel Property Investments**, realising gains and conscious of increased tenant renewal risk with 45% of leases expiring over the next 18 months. Despite little change in the stocks held in the portfolio, we did adjust the weightings of multiple holdings. Strong performers have been reduced (including **Australian Finance Group** and **Fisher Paykel Healthcare**), while we used weakness in others to increase the weighting (including **Bravura**, **Webjet** and **Alliance Aviation**).

Our cash weighting has increased to 11% of the portfolio. This is a function of profit taking and valuation discipline after recent strong gains. However we continue to see exceptional investment opportunities and will be using market volatility to deploy capital into quality businesses at attractive prices.

A key feature of our investment style is to minimise downside. Rather than trying to generate spectacular returns, we look for consistent returns and target 10-15% p.a. over time. Returns have been significantly higher in 2019 at 31% but we have not moved away from our investment approach. The largest holdings are structurally growing companies with lower economic cyclicality. All companies in the portfolio are profitable and we don't invest in miner's or pre-commercial biotech's. With the current portfolio manager, the fund has outperformed 80% of the months in which the market has fallen. We have also outperformed in 2019 when markets have been relatively strong, highlighting the benefits of stock picking and a focus on investing in quality businesses.

Top Contributors (Absolute)	Sector
Fisher Paykel Healthcare	Health Care
NRW Holdings	Industrials
Technology One	Information Technology
Top Detractors (Absolute)	**Sector**
Baby Bunting Group	Consumer Discretionary
Infomedia	Information Technology
Australian Finance Group	Financials

Mail:

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

Contact details:

Brittany Shazell, Dora Grieve, Riza Crisostomo, Julie Abbott, Serena Shi & Daizi Zheng
Client Services Team
Phone: 03 9098 8088
Email: info@primevalue.com.au
Web: www.primevalue.com.au