Prime Value Opportunities Fund
Fund Update – February 2020

- Share markets took a tumble towards the end of February as the coronavirus outbreak entered a new and more concerning phase
- We expect economic effects to be transitory as central banks and governments take action to head off softening economies
- The Fund fell 5.8% in February, after a gain of 4.9% in January. The Fund has a high cash component and is well structured giving good downside protection. Given the market declines we will be looking to take advantage of lower share prices by drawing down on our cash

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**10.7%**	8.0%	2.7%
7 Years (p.a.)	**9.0%**	8.0%	1.0%
5 Years (p.a.)	**7.0%**	8.0%	(1.0%)
3 Years (p.a.)	**7.1%**	8.0%	(0.9%)
1 Year	**7.6%**	8.0%	(0.4%)
3 Months	**(3.2%)**	1.9%	(5.3%)
1 Month	**(5.8%)**	0.6%	(6.4%)

* 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.

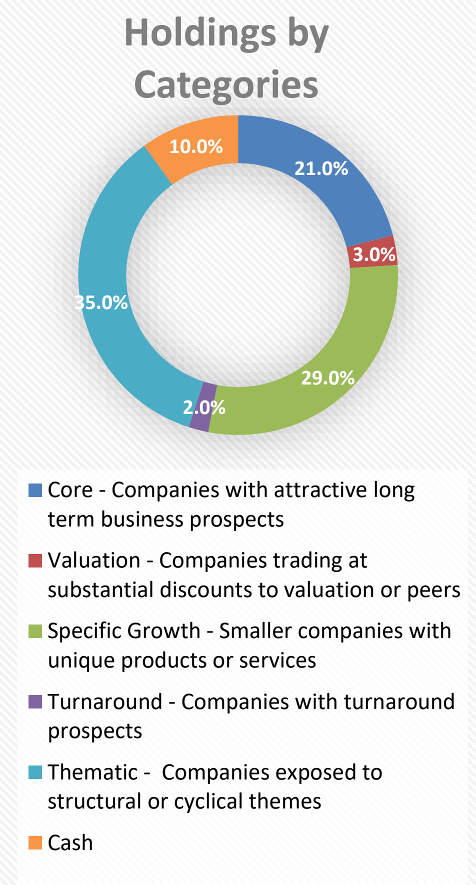
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**4.6%**	**44.9%**
FY 2016	5.3%	(3.7%)	0.1%	5.5%	1.7%	2.4%	(3.4%)	(1.9%)	3.6%	2.3%	4.4%	(1.8%)	**14.9%**	**66.5%**
FY 2017	6.5%	(1.7%)	(0.5%)	(4.9%)	(0.2%)	2.7%	(1.1%)	2.4%	2.1%	1.3%	(1.2%)	1.2%	**6.3%**	**77.0%**
FY 2018	(1.2%)	1.0%	0.4%	4.2%	1.6%	0.4%	(0.2%)	2.5%	(2.5%)	3.0%	2.1%	2.4%	**14.3%**	**102.4%**
FY 2019	1.7%	2.6%	(1.9%)	(8.2%)	(1.9%)	(1.8%)	3.2%	3.4%	0.2%	2.9%	0.3%	2.6%	**2.5%**	**107.5%**
FY 2020	2.9%	(2.3%)	0.2%	1.0%	3.0%	(2.0%)	4.9%	(5.8%)					**1.3%**	**110.3%**

Top five holdings	Sector
CSL	Health Care
BHP	Materials
CBA	Financials
Macquarie	Financials
Resmed	Health Care

The top five holdings make up approximately 29.8% 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	8.0% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure#	0 - 20%
Distributions	Half-yearly
Recommended Investment Period	3 + years
Research Rating	Zenith – Recommended Lonsec - Recommended

The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV regulations



Market review

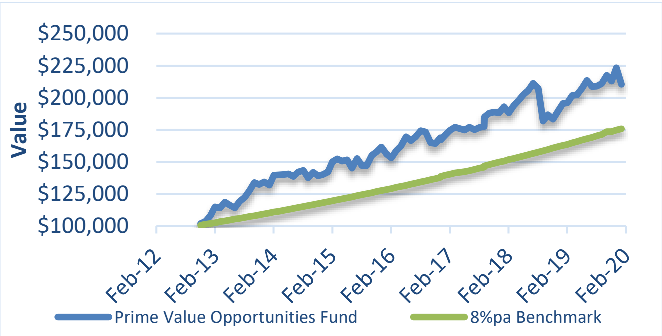
Fears of a global spread in COVID-19 dominated market moves in February, reflecting expectations for a significant slowdown in global growth. Global equity markets sold off sharply while bond yields continued to slide. Surprisingly, emerging market shares outperformed developed markets. Globally, Energy, Materials and Financials shares underperformed, while Communication Services, Health Care and REITs outperformed the most.

Safe haven currencies rose against the US Dollar. The Swiss Franc (+0.6%) and Japanese Yen (+0.3%) were the best performing currencies, while the New Zealand Dollar (-3.4%), Australian Dollar (-2.7%) and Norwegian Krone (-2.0%) were the worst performers. Bulk commodity prices were mixed in February. Iron ore fell $0.50/t to $84.50/t, but both thermal and metallurgical coal prices rose. Brent crude declined by US$7.64/bbl to US$50.52/bbl, the lowest since Dec-18. Gold prices rose again, up by US$25.65/oz to $1,609.85/oz, the highest since 2013.

The ASX300 Accumulation Index fell 7.8% in February, slightly better than Developed Market index average of -8.1%. By sector, Utilities (-3.6%), Health Care (-3.7%) & REITs (-4.9%) outperformed in Australia, while Information Technology (-17.3%), Energy (-17.2%) & Materials (-11.7%) underperformed the most. The Small Ordinaries Accumulation Index fell 8.7% during the month.

The evolving events surrounding the virus outbreak makes it difficult to estimate the shorter term economic impact, and is contributing to the market gyrations we are currently experiencing. But we believe the economic effects will be transitory. History is clear on this point.

Central banks have injected liquidity since the crisis unfolded. While share markets have the potential to remain volatile in the short term, we expect sentiment to improve as the disruption from the virus fades and economic activity rebounds, supported by government policy.



This graph shows how $100,000 invested at the Fund's Inception has increased to $210,300 (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 $175,700 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	$ 1.6473	$ 1.6143
Withdrawal price	$ 1.6349	$ 1.6021
Distribution (31/12/2019)	$ 0.0350	$ 0.0342
Indirect Cost Ratio (ICR)*	0.95% p.a.	0.95% p.a.
Performance fee**	15%	15%

* 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 a high water mark

Fund review and strategy

The Fund fell 5.8% in February, following a gain of 4.9% in January. The Fund continues to demonstrate strong downside protection in down markets as the ASX300 Accumulation Index fell 7.8% in February. Since the Fund's inception, the market had posted 31 down months. The Fund has outperformed the market in 24 of those 31 months, or a high 77% ratio. We believe the Fund's focus on capital preservation and bottom up approach to stock selection has been key to successful downside protection.

The top contributors Fund performance during the month included **IDP Education** (+19.6%), **Fisher & Paykel Healthcare** (+10.1%) and **Cleanaway** (+11.3%). Detractors to fund performance included **BHP** (-14.7%), **Bravura** (-18.6%) and **Amcor** (-9.3%).

It's unfortunate that concerns around the impact of the coronavirus outbreak overshadowed the positive outcomes of the February reporting period. The Fund was up by approximately 4% in first half of the month, before being sold off, reflecting good profit results and outlook of a number of our investments. More broadly, company results were indicative of further growth ahead. Even in sectors that are under pressure, such as banks and retailers, expectations were exceeded. Retailers reported consumer spending was better than feared while the major resources companies delivered strong cash flows and dividends. Fund investments such as IDP Education, Cleanaway and Fisher & Paykel Healthcare had all reported profits that exceeded market expectations which led to profit upgrades—this duly reflected in their strong share price performance in February, despite their shares being sold off in the last week of the month.

We reduced some of our positions in February, reallocating funds to cash and gold equity exposure as we observe the uncertainty surrounding the coronavirus outbreak.

We acknowledge that the current level of uncertainty regarding the impact of the coronavirus outbreak is very high. However, history is clear that such an event will pass. Further we entered this event as the global economic outlook was increasingly positive—the China-US trade tensions were easing and lower interest rates across a number of countries were starting to reinvigorate economic activity. Finally, as we highlighted above, the reporting season in February indicated that the outlook for Australian corporates were better than expected.

Markets may well rally aggressively as signs emerge that the spread of the disease slows. However, should the situation persists, we expect significant policy responses from governments and central banks to support their economies. For these reasons, we look to invest our cash into equities.

Top contributors (absolute)	Sector
IDP Education	Consumer Discretionary
Fisher & Paykel Healthcare	Health Care
Cleanaway	Industrials

Top detractors (absolute)	Sector
BHP	Materials
Bravura	Information Technology
Amcor	Materials

Platforms
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Powerwrap

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