Prime Value Opportunities Fund
Fund Update – March 2020

PrimeValue® Building Wealth Together

- Equities sold off aggressively in March as investors de-risked portfolios due to the rapid acceleration in global COVID-19 cases
- A three-pronged calibrated effort against COVID-19 and to mitigate economic impact continues through health, monetary and fiscal policies
- We moved to protect the Fund's capital in late February, in anticipation of market disruptions, mitigating declines
- Markets like this have been very rare. This crisis, like those before it, has thrown up opportunities to invest in strong businesses at extraordinarily attractive prices

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**7.8%**	8.0%	(0.2%)
7 Years (p.a.)	**6.3%**	8.0%	(1.7%)
5 Years (p.a.)	**2.8%**	8.0%	(5.2%)
3 Years (p.a.)	**0.1%**	8.0%	(7.9%)
1 Year	**(10.8%)**	8.0%	(18.8%)
3 Months	**(17.9%)**	1.9%	(19.8%)
1 Month	**(16.8%)**	0.7%	(17.5%)

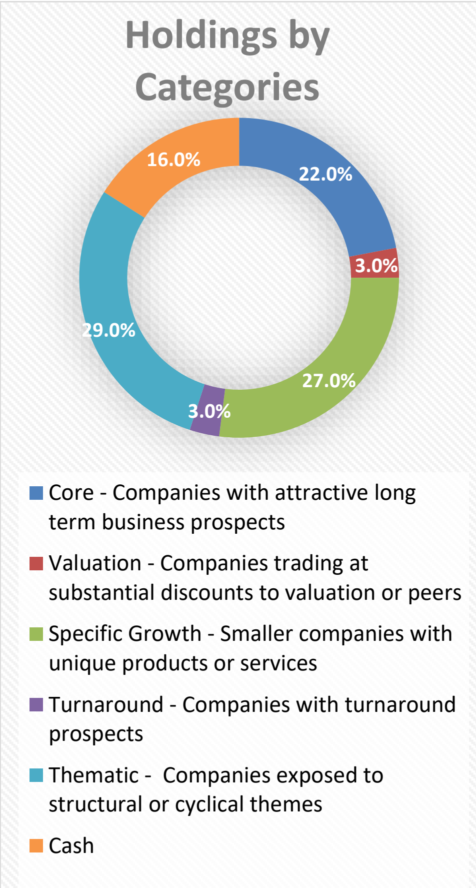
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%)	(16.8%)				**(15.7%)**	**74.8%**

Top five holdings	Sector
CSL	Health Care
BHP	Materials
Commonwealth Bank	Financials
Resmed	Health Care
Amcor	Materials

The top five holdings make up approximately 30.6% 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
Suggested 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

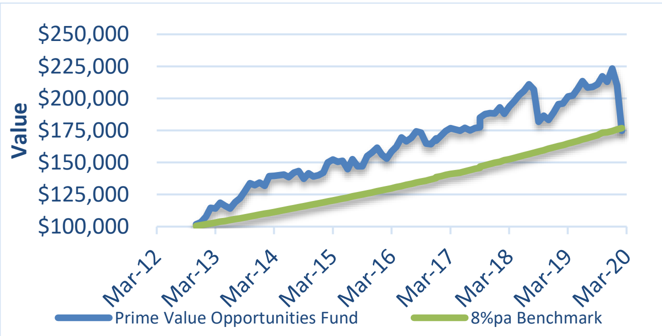
March saw the swiftest share market falls on record. Global shares, as measured by the MSCI Developed Market Index in local currency terms, fell -12.8% and into bear market territory during the month. However, with some Chinese economic indicators starting to improve as China began returning to normal, its share market performed better than most, falling only -4.5%. The tech-heavy NASDAQ Index (-9.0%) was another outperformer as some of its constituents are likely to see a net positive impact of more people working from home.

Australia recorded some of the largest losses with the S&P/ASX300 Accumulation index down 20.8 % for the month. The Small Ords Index fell a larger -22.4% as investors sought the greater liquidity in large cap companies.

The three-pronged fight against COVID-19 and its economic impact continues. Central banks are providing monetary policy support to keep banks and markets functioning, national governments are providing fiscal policy support to consumers and businesses, and governments at all levels are taking public health policy steps to contain the spread of the virus.

Current market prices are reflecting the near-term effects of the coronavirus and the oil price war that had begun between OPEC members. Without a doubt the effect of the coronavirus on near-term growth and corporate earnings is going to be negative. That said, it is important to remember that this effect is one of disruption, not damage. The financial system is intact. Global production capacity is likewise in good shape. Production has been halted for a while, the flow of goods has been interrupted, and demand for them is temporarily suppressed. But the production capacity remains in place to fill demand when it revives.

Markets like this have been very rare, arriving only every decade or so. This crisis, like those before it, has thrown up opportunities in our view to buy strong franchises at extraordinarily attractive prices.



This graph shows how $100,000 invested at the Fund's Inception has increased to $174,800 (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 $176,800 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	$ 1.3698	$ 1.3423
Withdrawal price	$ 1.3594	$ 1.3321
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 March quarter has been extremely challenging with the Fund falling 17.9%. We are always disappointed when the absolute value of the Fund declines even though we have mitigated Fund declines as compared to the ASX300 Accumulation's fall of 23.4% during the March quarter.

Given the fast moving developments in markets, we moved to manage the portfolio for capital protection in late February. The possibility of a recession in Australia, and elsewhere, had risen by early March. Hence, ahead of such a scenario, we have worked to increase the robustness of the portfolio. The portfolio's cash position rose to 18% in early March although we exited the end of March holding 16% in cash.

We have managed our exposures to industries that are most vulnerable to the current crisis – we have no airlines or travel related companies, a negligible position in direct energy companies (oil price has fallen sharply) and have trimmed our financial services and consumer related holdings significantly.

We hold meaningful investments in businesses that are likely to prove resilient in this environment such as the three healthcare companies: **CSL**, a global manufacturer of healthcare products to treat serious human conditions, **Resmed**, a global manufacturer of sleep apnoea medical devises and **Fisher & Paykel Health**, whose respiratory products are used in the treatment of COVID-19.

Our holdings in A2 Milk and Metcash, a supplier to independent supermarkets are doing well. Sales are strong, partly due to the pull forward of demand from frenzied buying.

Some of our investments face a more challenging outlook over the next 3 to 6 months. For example, Collins Food, the KFC store owner, and Baby Bunting are facing challenges as the nation shuts down. We have been managing our positions down to 1% ahead of the more restrictive movement orders. Post this slump in demand, however, these businesses should recover strongly and prove defensive in the face of an economic downturn. Needless to say, we are monitoring these investments closely given the unusual nature of this situation, which will severely impact their businesses over the next 3 to 6 months. These are solid businesses, they are likely to rebound when the virus passes.

We are already looking ahead and are well positioned to redeploy capital to sold off areas of the market – we have identified companies that are well positioned for the difficult economic pathway ahead and have made investments. Much has been written about potential discounted capital raisings to come as companies seek funding bridge the economic gap. We expect to be very selective participants in these raisings, driven by a clear framework that will see us gravitate to companies are led by strong management teams, uninhibited by large debt or cash flow issues but are well positioned due to long term structural themes. IDP Education is an example of a company that fits a number of characteristics we look for, prompting us to rebuild a position in the company.

Top contributors (absolute)	Sector
Fisher & Paykel	Health Care
Metcash	Consumer Staples
A2 Milk	Consumer Staples

Top detractors (absolute)	Sector
Commonwealth Bank	Financials
Macquarie Group`	Financials
Westpac	Financials

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

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

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