Prime Value Emerging Opportunities Fund Update – April 2020

- Share markets rebounded in April as spread of the coronavirus slowed and central banks continued to support markets.
- The Emerging Opportunities Fund return in April was +12.7%, 1.6% below the Small Ordinaries Accumulation Index (14.3%) and 12.1% above the benchmark of 0.6% (8% p.a.).
- Despite the market experiencing its largest fall in over 10 years, the fund's investment return this financial year remains positive (+4.4%).

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**8.9%**	8.0%	0.9%
3 Years (p.a.)	**8.4%**	8.0%	0.4%
2 Years (p.a.)	**6.5%**	8.0%	(1.5%)
1 Year	**2.7%**	8.0%	(5.3%)
3 Months	**(14.1%)**	1.9%	(16.0%)
1 Month	**12.7%**	0.6%	12.1%

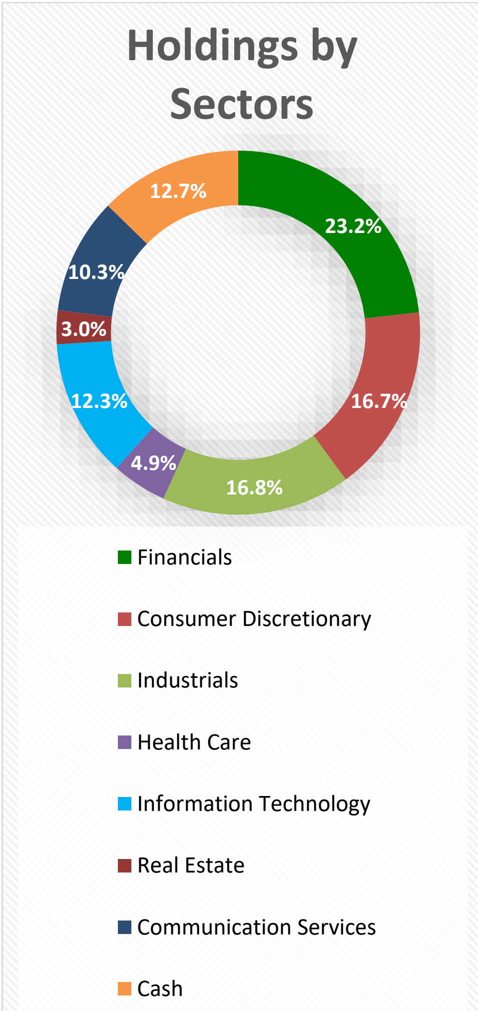
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%	1.9%	(5.8%)	(19.1%)	12.7%			**4.4%**	**47.9%**

Top five holdings (alphabetical order)	Sector
Bapcor	Consumer Discretionary
Bravura	Information Technology
EQT	Financials
News Corporation	Communication Services
Pinnacle	Financials

* The top five holdings make up approximately 18.3% of the portfolio

Feature	Fund facts
Portfolio Manager	Richard Ivers
Investment objective	Achieve superior total returns by providing medium to long term capital growth by investing in smaller capitalisation 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
Suggested Investment Period	3 + years



Market review

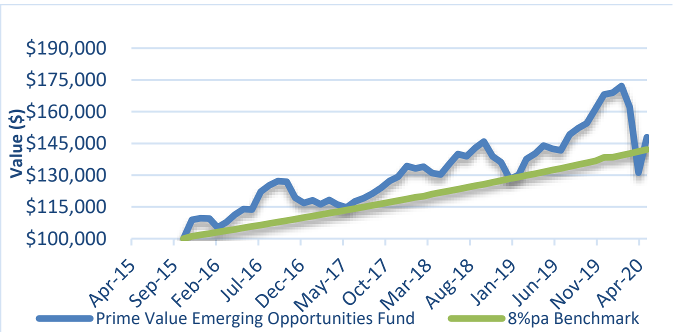
After the negative performance of March, most asset classes globally were largely positive in April. Share markets posted an aggressive recovery during April with most markets posting gains in the high single digits but closer to 20% from the lows seen on 23 March this year. The US was an exception with both the S&P500 and Nasdaq Composite indices up 30% off their lows and up 13% and 15% respectively for the month.

Rising confidence in stimulus measures by governments and central banks saw the ASX300 Accumulation Index rally 9% in April, the best month since 1992.The Australian share market would have been much stronger had it not been for the heavyweight banking sector which closed flat as the major banks reported soft earnings, increased bad debt provisioning, a capital raising, and regulatory headwinds. Towards the end of April focus on economies re-opening and eventual recovery scenarios took hold leading to Small cap stocks outperforming large caps. The Energy and IT sectors led performances, whilst Staples and Utilities lagged.

Following the bounce in April, while no market is ahead of its January 2020 levels (an arbitrary date to nominate as pre-COVID19), some markets are close such as the Nasdaq Composite (-3%), Shanghai Composite (-4%), and Korea Stock Exchange (-8%).

The Australian Dollar rallied 4.3 cents to $0.655 against the US Dollar, more than 10 cents above the lows of $0.55 touched in March. The gold price rallied to the highest since 2012. Notably oil prices turned negative for the first time due to production output disagreements between Saudi Arabia and Russia.

After closing out a very strong rebound in the month of April, the focus now moves to sustainability of the stock market rally, valuation multiples and companies' earnings.



This graph shows how $100,000 invested at the Fund's Inception has increased to $147,900 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $142,100 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price	$1.3640
Withdrawal price	$1.3586
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

The fund's return was 12.7% in April. Key positive contributors were **Pinnacle** (PNI +39.9%), **City Chic** (CCX +48.8%), and **Collins Foods** (CKF +35.8%). Key detractors were **Fisher Paykel Healthcare** (FPH -9.8%), **GTN** (GTN -16.3%) and **Centuria Capital** (CNI -3.9%).

It was a strong month for the market continuing on from late March. From its low on March 23, the Small Ordinaries Accumulation Index finished 32% higher by the end of April. This serves to highlight how quickly markets can move and the importance of long term investing. Picking the top and bottom is notoriously difficult but over time, equity markets provide strong investment returns.

We don't try to pick markets but we do focus on company valuation. With many stocks rising sharply we used this strength to sell some holdings which increased our cash weighting to 13%. This positions the fund to take advantage of any weakness and buy quality companies at discounted prices.

Australia and New Zealand have been very successful at limiting the spread of coronavirus which will enable our economics to be gradually opened again. We have positioned the portfolio to benefit from many companies which are early beneficiaries including **Collins Food** (KFC restaurants), **Bapcor** (automotive parts) and **Hotel Property Investments** (hotel and bottle shop landlord mostly in Queensland).

We also hold medium – longer term beneficiaries where valuation is compelling and the business model particularly strong, including **News Corporation** (main asset is Realestate.com.au) and **Auckland Airport** (c. 45% domestic / 55% international exposure). As patient, long term investors we can take advantage of the markets short term focus and miss-pricing of these quality, long duration assets.

Exposure to companies dependent on an economic rebound (e.g. bricks and mortar retail, media, housing construction, consumer finance) is limited and where held, the weighting is low. The shape and timing of the economic rebound is difficult to forecast given the influence of health issues and likely a more cautious consumer. But in time these sectors will rebound and deliver strong returns.

We also hold many companies which are largely unaffected and in some cases beneficiaries of the coronavirus.

To summarise, we see the fund as a portfolio of individually attractive investments, each positioned to deliver strong returns over time. Some will operationally rebound in the short term, others in the medium to longer term. What is common amongst them all, is a high quality business model that is well run and expected to deliver strong returns for shareholders. Our own capital is invested in the fund, aligning our interest with unit holders.

Top Contributors (Absolute)	Sector
Pinnacle Investment	Financials
City Chic	Consumer Discretionary
Collins Food	Consumer Discretionary
Top Detractors (Absolute)	**Sector**
Fisher & Paykel	Health Care
GTN	Communication Services
Centuria Capital Group	Financials