Prime Value Emerging Opportunities Fund Update – June 2020

- The Emerging Opportunities Fund return in June was +1.4%, 3.4% above the Small Ordinaries Accumulation Index (-2.0%) and 0.8% above the benchmark of 0.6% (8% p.a.).
- June concludes a good financial year for the fund. Returns were 18.1% (after fees), 23.8% above the Small Ordinaries Accum Index of -5.7%, making it the best performing fund of its type in Australia (source: Mercer®).
- We are most pleased with the consistency of returns. Only 2 months had negative returns (index 6 months) and we outperformed 9 of the 12 months. Our focus on quality and capital preservation is delivering good results.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**11.5%**	8.0%	3.5%
3 Years (p.a.)	**12.5%**	8.0%	4.5%
2 Years (p.a.)	**9.3%**	8.0%	1.3%
1 Year	**18.1%**	8.0%	10.1%
3 Months	**27.5%**	1.9%	25.6%
1 Month	**1.4%**	0.6%	0.8%

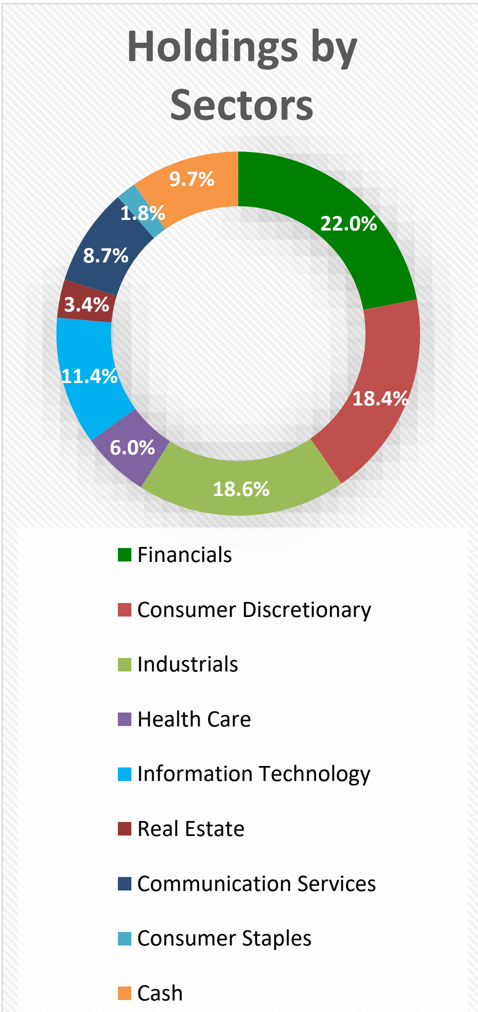
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%	11.6%	1.4%	**18.1%**	**67.3%**

Top five holdings (alphabetical order)	Sector
Bapcor	Consumer Discretionary
Collins Foods	Consumer Discretionary
EQT	Financials
Mainfreight	Industrials
Omni Bridgeway	Financials

* The top five holdings make up approximately 18.2% 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



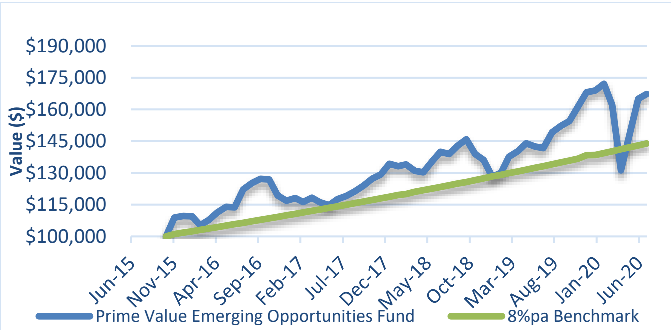
Market review

The 2020 financial year was literally a year of two halves. We entered FY20 following an unexpected Federal election outcome but were optimistic with both Monetary and Fiscal stimulus supportive of markets. Investors held high expectations going into calendar 2020 only to be confronted by severe bushfires followed by COVID-19. As at end June 2020, the ASX300 Index has rebounded 29% since the March 23 low but remains 19% below the February high. The rally off the lows was driven by central bank liquidity, fiscal stimulus and a recovery in activity as the economy emerged from hibernation. In Australia's case, the health impact of COVID-19 has also been less than feared.

Overall, the ASX300 Accumulation Index fell 7.6% in FY20, but the Healthcare and Technology sectors posted strong gains. The Technology sector emerged as a major contributor to market returns in FY20 and now accounts for 3.5% of the index. Outside of the Technology sector, global Healthcare companies performed well, with CSL taking the mantle as the largest stock in the index along with the largest positive stock contributor. Energy was the worst performing sector (-28.9%) driven by lower oil prices while Banks underperformed in both the first and second half of the financial year due to RBA rate cuts and COVID-19 tail risk concerns.

The ASX300 Accumulation Index rose 2.4% in June, in line with its developed markets peer average of 2.4%. In Australia, IT (+6.0%), Consumer Discretionary (+5.4%) and Consumer Staples (+5.1%) sectors outperformed the most, while Energy (-2.0%), REITs (-1.4%) and Industrials (-1.3%) sectors comparatively underperformed.

Global commodity prices continued their recovery in June. Brent Oil prices rose a substantial US$5.82/bbl to US$41.15/bbl, partly driven by the improving global economic outlook and a depreciating US Dollar. Iron ore prices stabilised at US$101.50/t, the highest in almost a year. Lower real interest rates and uncertainty further contributed to rise of gold prices, with gold rising US$39.40/oz to US$1768.10/oz.



This graph shows how $100,000 invested at the Fund's Inception has increased to $167,300 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $143,900 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price	$1.5397
Withdrawal price	$1.5275
Distribution (30/06/2020)	$0.0032
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 1.4% in June, 3.4% above the Small Ordinaries Accumulation Index of -2.0%. Key positive contributors were **Redbubble** (RBL +66.1%), **Collins Foods** (CKF +17.8%), and **Fisher & Paykel Healthcare** (FPH +18.8%). Key detractors were **Mortgage Choice** (MOC -18.2%), **Pinnacle** (PNI -8.2%) and **Southern Cross Media** (SXL -25.5%).

June concludes a very challenging and volatile financial year for us all. The fund's return of 18.1% was very pleasing in this context. But most pleasing is the way in which the returns were generated. We outperformed the index every month the market declined (6 of the 12 months) but also captured the upside when markets rebounded strongly in April & May 2020 despite holding a material level of cash (c. 10%). At a stock level, performance was broad based with 10 companies contributing more than +1% to returns but only 1 company worse than -1%.

Our 12 month returns make it the best performing fund of its type in Australia (Australian Small Companies ex-ASX100, source MercerInsight®). However we are not resting on our laurels. We continue to improve our processes, learn from our errors and undertake detailed research on our investments.

Our focus on risk and downside protection is core to the way we invest. This is reflected in our benchmark of 8% p.a. absolute, not an index like many other funds. We aim to generate positive returns, not just beat an index so our portfolio is structured to deliver the best long term returns regardless of index composition. Alignment with unit holders is further enhanced by investing our own capital in the fund. We believe our approach is different to many others and appealing to those investors who want the high returns of emerging company equities but with lower volatility, particularly in these uncertain times.

The new financial year has begun and we are excited by the investments in the portfolio. But with the economic outlook unclear we also remain conscious of managing risk. The portfolio is weighted to companies that are economically resilient and liquid (average market capitalisation $2bn). Our largest holdings have a smaller weighting than historically (4% v's 6%) given reduced earnings visibility. With 10% cash we have dry powder to buy should markets fall. Market volatility typically creates opportunities to buy great companies at attractive prices.

We remain positive, conscious that at some point our way of life will return to normal and the earnings power of higher quality companies will be restored and in many cases, enhanced.

Top Contributors (Absolute)	Sector
Redbubble	Consumer Discretionary
Collins Foods	Consumer Discretionary
Fisher & Paykel Healthcare	Health Care
Top Detractors (Absolute)	**Sector**
Mortgage Choice	Financials
Pinnacle	Financials
Southern Cross Media	Communication Services

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