Prime Value Opportunities Fund
Fund Update – September 2020

- Global share markets declined in September, impacted by US stimulus concerns and a second wave of COVID-19 infections in Europe
- The ASX300 Accumulation Index fell 3.6% in September, a small pull back relative to the prior six month's exceptional performance
- The Fund posted a 3.6% decline in September and gained 1.9% over the September quarter. Holdings in smaller companies offset softer performance in large cap companies

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**9.8%**	8.0%	1.8%
7 Years (p.a.)	**7.3%**	8.0%	(0.7%)
5 Years (p.a.)	**7.3%**	8.0%	(0.7%)
3 Years (p.a.)	**5.6%**	8.0%	(2.4%)
1 Year	**0.0%**	8.0%	(8.0%)
3 Months	**1.9%**	2.0%	(0.1%)
1 Month	**(3.6%)**	0.6%	(4.2%)

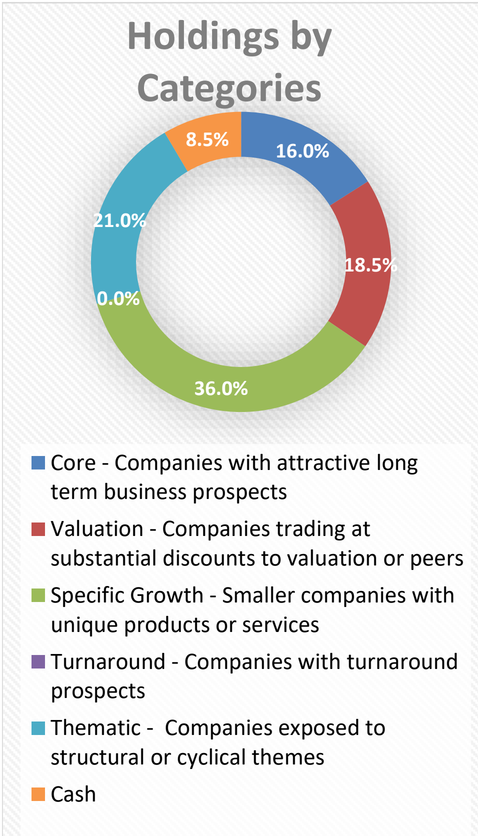
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%)	8.0%	5.4%	3.0%	**(1.1%)**	**105.2%**
FY 2021	1.6%	4.1%	(3.6%)										**5.7%**	**116.9%**

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

The top five holdings make up approximately 28.0% 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

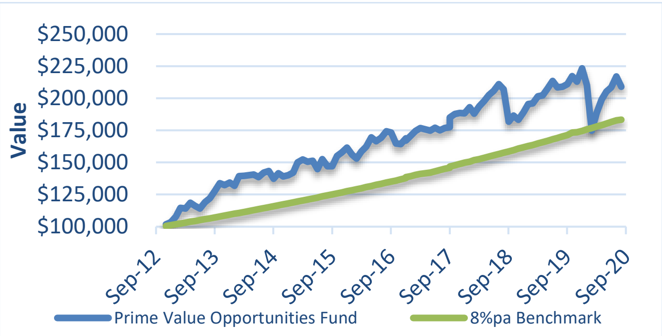
Global markets declined in September, weighed down by delays in US fiscal stimulus and a second wave of covid-19 infections in Europe. All developed market sectors fell led by Energy, Financials and Communications while outperformers were Utilities, Industrials and Materials.

Global commodity prices gave up some of their recent gains on growth concerns and a rising $US. Iron ore prices fell a US$5.00/t to US$120.00/t and gold continued to fall, down US$70.34/oz to US$1,957.03/oz. The Australian Dollar reversed some of its recent gains, down 3% against the US Dollar to US$0.717. This is positive for Australian companies which export or have significant revenues in US dollars.

The ASX200 Accumulation Index was returned -3.6% in local currency terms, underperforming the Developed Market's World Index return of -2.9%. The September decline was the first negative return for the Australian share market in six months and is now down 11% in 2020. During the month, Healthcare (+0.9%), Industrials (+0.3%) and REITs (-1.5%) outperformed the most, while Energy (-11.1%), IT (-6.8%) and Consumer Staples (-6.6%) underperformed.

There were 3 main highlights for the month. Locally, a repeal of responsible lending legislation from March 2021 will shift responsibility from "lender beware" to "borrower responsibility" and was seen as positive for banks and the housing market. A sharp decline in Victoria's covid-19 infection rates provided visibility for the future relaxation of restrictions in that state and the opening of state borders. At the end of the month, the two US presidential candidates held a debate which was broadly criticised in the media.

In coming months we expect increased news flow on phase 3 trial results for COVID-19 vaccines. This may shift focus from the current infection rates to an end to this crisis and the likely economic rebound. Locally we also have the Federal Budget on Tuesday, October 6 which is expected to provide significant fiscal stimulus to the economy.



This graph shows how $100,000 invested at the Fund's Inception has increased to $209,000 (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 $183,300 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	$ 1.5848	$ 1.5539
Withdrawal price	$ 1.5728	$ 1.5421
Distribution (30/06/2020)	$ 0.0514	$ 0.0495
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 posted a 3.6% decline in September, which was in line with the broader market's 3.6% fall for the month. The Fund returned 1.9% for the September quarter. Notwithstanding the pull-back in the Fund performance in September, our investments are operating well through the current difficult operating environment. None of our key holdings are structurally challenged even though several are facing short term disruptions to their business operations. Most importantly, a number of our key holdings are enjoying positive operating momentum which augurs well for future profit growth.

The top contributors to performance in September were: mortgage broking group Australian Finance Group (15.1%), building materials supplier James Hardie (7.5%) and online platform Redbubble (5.9%). The top detractors from performance in September were: BHP (-6.1%), CBA (-6.8%) and Cleanaway (-19.0%).

Last month we highlighted the Fund's current bias to small and mid-sized companies. We believe the cornerstone to the Fund's performance continues to be driven by favourable stock selection. This is the goal of our fundamentally driven investment strategy, and where we devote considerable time and attention to identifying opportunities across the market spectrum.

The companies in which we have invested are led by strong management teams, have good business models, with several that are highly cash generative. Such attributes enable these businesses to be resilient in the face of extraordinary uncertainty and have made them compelling investments across market cycles. Australian Finance Group (AFG) is one of these businesses. AFG is the second largest mortgage broking group by affiliated brokers in Australia. Despite a slowdown in property prices and mortgage lending, partly attributable to the Hayne Royal Commission, consumers have increasingly sought mortgage brokers to find them an appropriate mortgage product. The company has developed a strong distribution capability across most markets than can be leveraged further. Ultimately, we believe that AFG will be well placed competitively and profitably as the company diversifies its revenue base by the shift to increasingly fund own-branded mortgages through securitisation (vs white labelling).

We exited our position in Cleanaway during the month. We have held Cleanaway for just under four years. At the point of initial investment we assessed the company as a Turnaround potential under CEO Vik Bansal. As shareholders we have participated in a significant share price appreciation over the period we held our investment—credit to Cleanaway's management for successfully redirecting the company's prospects. Recent events including allegations of poor corporate management behaviours caused us to re-assess our position, at least until we have better clarity of the situation.

Finally, on the back of a stimulatory Federal Budget, we are starting to think about how things might look in 2021. We are optimistic about the long-term growth prospects for our holdings. We believe the companies in which the Fund invests are competitively advantaged, well-managed companies with strong growth potential. We continue to work hard to identify new ideas that meet our investment criteria.

Top contributors (absolute)	Sector
Australian Finance Group	Financials
James Hardie Industries	Materials
Redbubble	Consumer Discretionary

Top detractors (absolute)	Sector
BHP	Materials
CBA	Financials
Cleanaway	Industrials

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

Mail:
Prime Value Asset Management Ltd
Level 9, 34 Queen Street
Melbourne VIC 3000
Web: www.primevalue.com.au