Prime Value Emerging Opportunities Fund Update – February 2021

- Global share markets gained modestly in February as optimism grew that the global roll-out of vaccines will pave the way for full economic recovery.
- The fund returned +0.6% in February, 1.0% below the Small Ordinaries Accumulation Index of 1.6% and in-line with the benchmark of +0.6% (8% p.a.).
- Returns have now been positive for 11 consecutive months with the only negative returns in FY20 or FY21 the "covid-crash" months of February and March 2020. Consistent, lower risk investing is core to our wealth creation approach.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**14.8%**	8.0%	6.9%
5 Years (p.a.)	**14.9%**	8.0%	6.9%
3 Years (p.a.)	**16.4%**	8.0%	8.4%
2 Years (p.a.)	**23.9%**	8.0%	15.9%
1 Year	**30.2%**	8.0%	22.3%
3 Months	**4.6%**	1.9%	2.7%
1 Month	**0.6%**	0.6%	0.0%

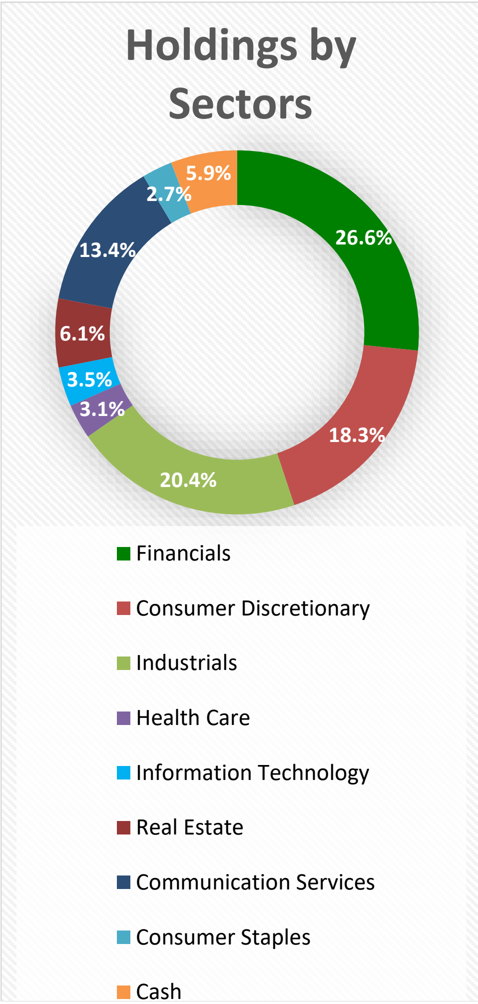
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%**
FY 2021	3.6%	6.0%	0.2%	0.7%	9.0%	3.2%	0.7%	0.6%					**26.2%**	**111.2%**

Top five holdings (alphabetical order)	Sector
City Chic	Consumer Discretionary
EQT Holdings	Financials
Mainfreight	Industrials
News Corporation	Communication Services
Pinnacle Investment Management	Financials

* The top five holdings make up approximately 22.2% 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

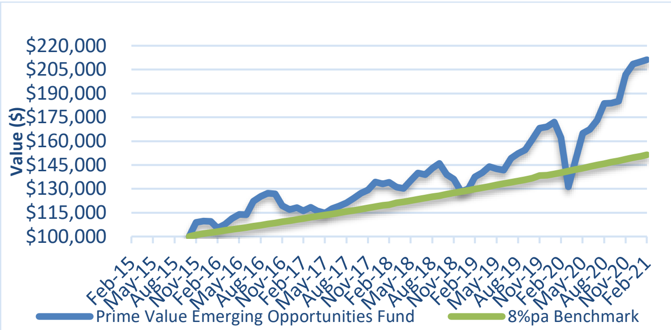


Market review

Global markets pulled back toward the end of February, as global bond yields rose. The MSCI World Developed Markets Index rose 2.6%, outperforming the Emerging Markets World return of 0.8% in US dollar terms. Developed market's outperformance was partially driven by the DJ Euro Stoxx which rose 4.5%. US President Biden's US$1.9tn stimulus package is currently awaiting approval from the Senate. The stimulus plan will provide $1,400 direct payments to eligible individuals, increase federal unemployment benefits from $300 to $400 per week, provide approximately $50bn of additional funding to schools, along with numerous other payments/initiatives. Talks of the Biden stimulus have prompted commentators to voice concerns over a consequential overheating of the US economy and higher inflation.

Brent Oil prices rose $10.25/bbl to $66.13/bbl, partly driven by the reflation trade and vaccine optimism. Iron ore prices surged to $US174.0$/Mt rising by $US16.0 $/Mt. Gold prices fell $120.95/oz to $1,742.85/oz.

ASX300 Accumulation Index rose 1.5% in February, underperforming the DM World Index return of 2.7% in local currency terms. Materials (+7.3%), Financials (+5.2%) and Energy (+2.4%) sectors outperformed in Australia. As expected in a rising yield environment the longer duration Technology sector underperformed the most (-8.9%). Utilities (-8.0%) and Consumer Staples (-4.6%) also underperformed. Large caps (+2%) performed strongest, while Small Caps (+1.6%) were also positive, but Mid Caps were down 1.4%. In the first two weeks of February the focus was on company results beats and misses. The market was rewarding stocks that beat due to COVID tailwinds and sold-off stocks that missed due to COVID headwinds. In the second half market focus shifted to the impact that rising bond yields was having on stocks. As a consequence and despite a strong reporting season, the ASX300 Index underperformed its global peers weighed by the sectors mentioned above.



This graph shows how $100,000 invested at the Fund's Inception has increased to $211,200 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $151,400 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price	$1.9203
Withdrawal price	$1.9049
Distribution (31/12/2020)	$0.0230
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 +0.6% in February, in-line with the benchmark of +0.6% (8% p.a.).

Key positive contributors for the month were **Pinnacle** (PNI +24.3%), **News Corp** (NWS +18.3%) and **Austbrokers** (AUB +17.4%). Key detractors were **NRW** (NWH -29.7%), **Redbubble** (RBL -23.7%) and **National Tyre & Wheel** (NTD -17.7%).

February was "reporting season" when most companies report their half yearly results to the market. It was surprisingly positive given the volatile economic conditions experienced through 2020. We had several positive results and some disappointing.

Pinnacle delivered a very strong result (affiliate net profit after tax +80%). Fund flow remains strong and has a better mix of fee generation providing a strong earnings outlook.

News Corp delivered a strong result across most of divisions that span online classifieds (Australia & US), newspapers (including The Wall St Journal), book publishing and pay TV. The large gap between the share price and the value of its underlying assets is narrowing. It's a rare investment that offers deep value, high quality assets and positive earnings momentum.

Austbrokers also delivered a result above expectations (underlying net profit after tax +44%) and upgraded earnings guidance for the coming 6 months. Insurance brokers as a sector performed well through 2020 with their core product (insurance for SME's) non-discretionary. Government support for businesses and a positive premium cycle also assisted. Austbrokers outperformed the sector multiple initiatives implemented by new management in recent years expected to also benefit coming years.

NRW suffered from higher employment costs due to WA's border closures restricting labour supply and its customers were slow to compensate. Consequently, earnings were lower than expected (net profit after tax -12%). Should the vaccination rollout continue as expected, this issue should subside over the coming year.

Redbubble delivered a slightly softer profit margin than expected and was punished. As a "covid winner" investors were quick to sell fearing the best news is behind it. It is our one online retail "covid winner" in the portfolio. Valuation is very attractive and we expect longer term benefits from increased market share in 2020.

National Tyre & Wheel (NTD) reported a very strong profit result (net profit after tax +400%) and trading update. However a key supplier (Cooper Tyres) was acquired by a competitor (Goodyear) driving concerns over the duration of NTD's distribution agreement.

We have made some modest changes to the portfolio and continue to be optimistic about the opportunities in the current market.

Top Contributors (Absolute)	Sector
Pinnacle Investments	Financial
News Corporation	Communication Services
AUB Group	Financials
Top Detractors (Absolute)	**Sector**
NRW Holdings	Industrials
Redbubble	Consumer Discretionary
National Tyre & Wheel	Consumer Discretionary
Platforms	
Netwealth	

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