Prime Value Emerging Opportunities Fund Update – May 2021

- Global share markets were broadly positive in May, with commodities a stand-out positive driver during the month
- The fund returned +0.6% in May, 0.3% above the Small Ordinaries Accumulation Index of +0.3% and in-line with the benchmark of +0.6% (8% p.a.).
- Consecutive positive returns now stretch to 14 months with only 2 negative months over the last 2 financial years. While luck has played a part, a key factor is also our investment style of consistent, lower risk investing which can generate very strong long-term returns.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**15.9%**	8.0%	7.9%
5 Years (p.a.)	**15.1%**	8.0%	7.1%
3 Years (p.a.)	**19.4%**	8.0%	11.4%
2 Years (p.a.)	**27.2%**	8.0%	19.2%
1 Year	**39.7%**	8.0%	31.7%
3 Months	**9.2%**	2.0%	7.2%
1 Month	**0.6%**	0.6%	0.0%

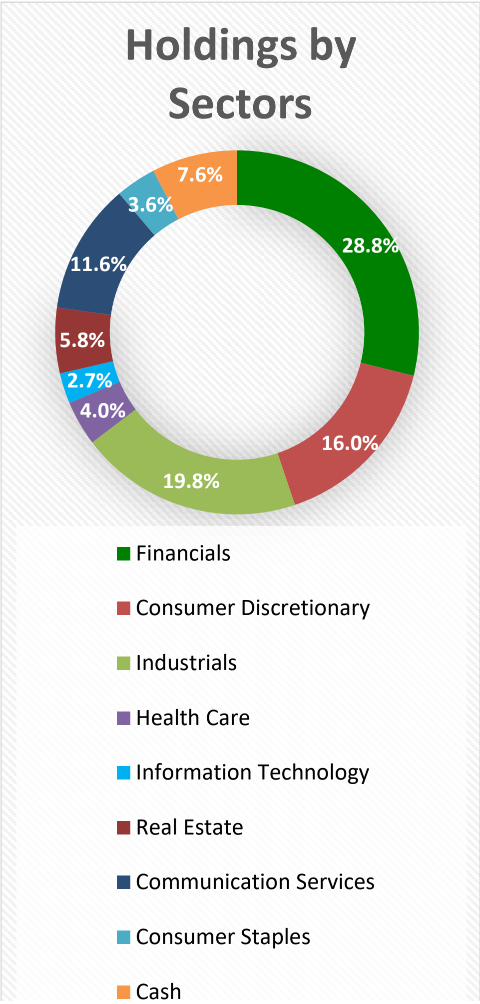
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%	1.4%	7.0%	0.6%		**37.8%**	**130.5%**

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

* The top five holdings make up approximately 20.4% 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

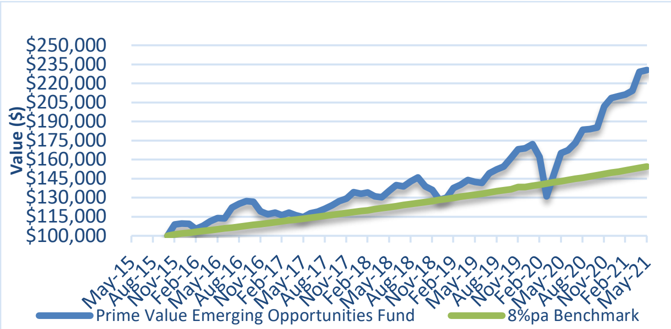


Market review

US stocks finished slightly higher in May, with contrasting drivers of inflation concerns offset by strong economic data. This marked the fourth consecutive monthly advance for the US benchmark. The S&P500 Index rose at the start of the month following Fed Chairman, Powell's reiteration of "real progress" in the economy. Reporting season was strong. The S&P500 Index delivered sales growth of +10.3% and earnings growth of +47% YoY. Sectors with strongest earnings growth were Financials, Basic Resources and Technology. Despite this, Tech stocks fell on rising inflation concerns. The MSCI World Developed Markets Index rose (+1.6%), outperforming the Emerging Markets World Index (+1.2%) in US Dollar terms. The Developed Markets outperformance was driven by the Euro Stoxx 50 Index (+4.1%). The FTSE 100 (+3.8%) and the ASX 300 (+2.6%) indices were also key drivers of the outperformance.

Brent Oil prices rose $2.07/bbl to $69.23/bbl, partly driven by the reflation trade and strong global demand. Iron ore prices surged to $US218/Mt, and then retraced slightly, still ending the month up $US14.50/Mt at $US201.50/Mt. Gold prices rose $132.30/oz to $1,899.95/oz largely driven by a weaker US Dollar and cooling US April manufacturing data. The Australian Dollar finished the month 0.23% higher. The Australian Dollar outperformed the G10 complex into the start of the month as commodities rallied.

The ASX300 Accumulation Index continued its rise in May, closing 2.3% higher. Resources and Industrials performed positively across most size indices with Small Industrials (-0.6%) the only negative performer in the month. Large caps (+2.9%) performed strongly in May. Mid (+0.9%) and Small caps (+0.3%) lagged but were still positive. Within sectors, Financials rose the most (+5.7%) followed by Consumer Discretionary (+3.5%) and Health Care (+3.5%). Info Tech (-9.9%) and Utilities (-6.6%) sectors fell most during the month.



This graph shows how $100,000 invested at the Fund's Inception has increased to $230,500 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $154,500 over the same period. The returns exclude the benefits of imputation credits.

Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance.

	Direct Investment
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price	$2.0964
Withdrawal price	$2.0796
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 May, in line with the benchmark of +0.6% (8% p.a.).

Key positive contributors for the month were **Uniti Wireless** (UWL +7.9%), **Collins Foods** (CKF +10.8%) and **Bapcor** (BAP +6.0%). Key detractors were **NRW** (NWH -17.0%), **AUB Group** (AUB -5.0%) and **Redbubble** (RBL -16.3%).

After the strong rebound in markets over the last 14 months if feels like the easy money has been made. Broadly speaking, valuations are quite full and the spectre of higher inflation and interest rates looms as a longer term risk. We are still positive on equity markets but conscious that future returns may be more moderate.

We believe our investing style, which leans towards GARP (growth at a reasonable price), is well suited to these conditions. Quality businesses which are economically resilient, growing their earnings and reasonably priced should perform well.

Recent market returns have appeared benign but there has been significant volatility below the surface. Highly valued tech stocks have been hit hard in recent months with many well-owned companies down more than 50% from their high's due to a combination of higher long term bond yields and stock specific factors eg ZIP Co, EML Payments, Nuix. This is not an area of focus for us so the fund has been spared the impact.

The strong performance of many of these stocks in recent years presented a headwind to the fund's performance relative to the index. Despite this, performance has been good and we believe future years will be more supportive of our investing style.

The fund's whole structure ensures a focus on long-term investing and avoiding the more speculative areas of the market. Prime Value is a family office which invests alongside external investors in the fund. The investment team are also personally, heavily invested in the fund. This ensures a focus on capital preservation as our capital is also at risk. Our benchmark is 8% p.a. absolute, not an index like most other funds, so we are incentivised to generate a positive return, not just beat an index. Additionally, we ignore stock weightings within the index as they are irrelevant to us. We focus entirely on the best investments and achieving an acceptable return. Importantly, this alignment of organisation, investment team and benchmark is delivering the targeted outcomes with capital preservation particularly strong.

Over the last 3 years the fund has outperformed 87% of months when the index return was negative. This has not been at the expense of overall returns which have been 19.4% p.a. (after fees), 11.4% p.a. above the Small Ords Accum Index. A 50% fall requires a 100% gain to get back to square one whereas a 25% fall only requires a 33% gain. Protecting capital in down markets can be a powerful driver of long term returns.

We remain excited by the companies within the fund and the portfolio manager recently added to his investment in the fund.

Top Contributors (Absolute)	Sector
Uniti Group	Communication Services
Collins Foods	Consumer Discretionary
Bapcor	Consumer Discretionary
Top Detractors (Absolute)	**Sector**
NRW Holdings	Industrials
AUB Group	Financials
Redbubble	Consumer Discretionary
Platforms	
Netwealth, uXchange	

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