Prime Value Opportunities Fund
Fund Update – June 2021

- Global share markets were broadly higher in June, with the ASX300 Accumulation Index gaining 2.3%.
- The Australian share market posted its strongest financial year return since FY07, assisted by both monetary and fiscal stimulus.
- The Fund returned 3.0% in June and 27.7% over the past 12 months. Fund performance was driven by a broad number of contributors with BHP, City Chic and Redbubble amongst the major contributors to the Fund over the past 12 months.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**11.8%**	8.0%	3.8%
7 Years (p.a.)	**9.5%**	8.0%	1.5%
5 Years (p.a.)	**9.5%**	8.0%	1.5%
3 Years (p.a.)	**9.0%**	8.0%	1.0%
2 Years (p.a.)	**12.4%**	8.0%	4.4%
1 Year	**27.7%**	8.0%	19.7%
3 Months	**9.2%**	1.9%	7.3%
1 Month	**3.0%**	0.6%	2.4%

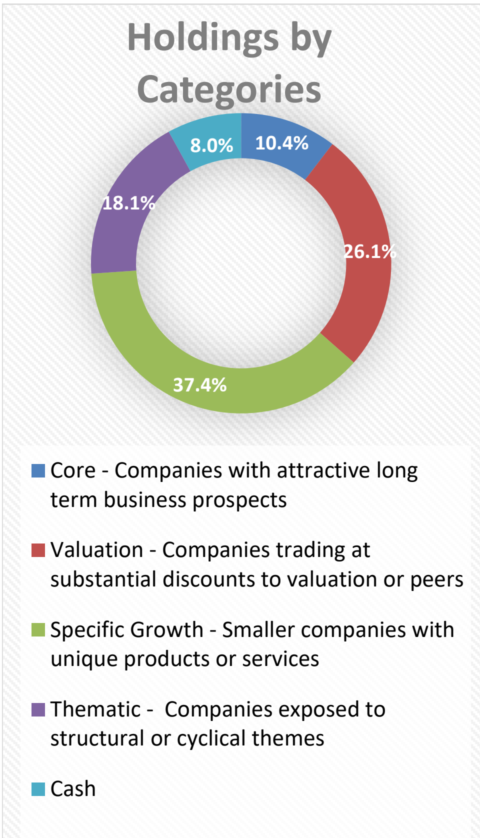
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%)	0.5%	7.9%	2.1%	(0.1%)	2.3%	1.5%	4.6%	1.3%	3.0%	**27.7%**	**162.0%**

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

The top five holdings make up approximately 29.0% 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

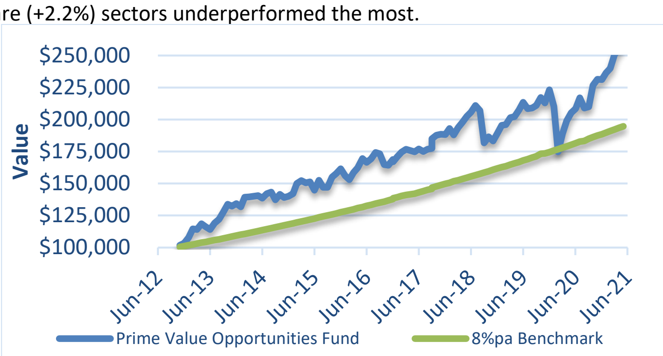
Market review

FY21 was as a bumper year for the Australian share market returns – at 28.5% the ASX300 Accumulation Index posted its strongest year since FY07. A rapid economic recovery, sustained policy support and return of capital allocation all saw the Australian share market move higher on a sustained basis over the year, with September 2020 the only down month. Consumer Discretionary (46.1%) and Financials (40.6%) were the leaders of performance over the year, with Utilities (-18.6%) the clear laggard. BHP and the major Banks added the most to index performance at a stock level.

In June, the MSCI World Developed Markets Index rose (+1.4%) in US Dollar terms, performing in line with the Emerging Markets World Index which also rose (+1.4%) in US Dollar terms. The S&P500 Index (2.3%) was the key driver of developed market performance in US Dollar terms. Globally, on local currency terms, the IT (+6.9%), Energy (+3.1%), and Health Care (+3.0%) sectors outperformed the most. The Materials (-4.1%), Financials (-3.4%), and Utilities (-2.8%) sectors underperformed the most. Global bond yields continued to retrace from previously elevated levels, with the US 10-year government bond yield falling 13bp to 1.44%. Australian bonds followed the US; 10-year yields dropping 12bps to 1.51%.

Brent Oil prices rose $5.50/bbl to $75.13/bbl in June, as global demand remained strong. Iron ore prices surged to $US215.50$/Mt, ending the month up $US14.00 $/Mt. Interestingly, Gold prices declined $136.80/oz to $1,763.15/oz, on the back of lower inflationary expectations.

The ASX300 Accumulation Index closed 2.3% higher in June. Industrials outperformed Resources across all size indices with Mid Cap Industrials (+5.9%) the best performing. Large caps (+1.9%) underperformed Mid (+3.7%) and Small caps (+3.1%) in the month. The Information Technology (+13.4%), Communication Services (+5.5%), and REITs (+5.5%) sectors outperformed the most. The Financials (-0.2%), Materials (+0.3%), and Health Care (+2.2%) sectors underperformed the most.



This graph shows how $100,000 invested at the Fund's Inception has increased to $262,000 (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 $194,700 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 (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	$20,000	N/A
Issue price	$ 1.8831	$ 1.8460
Withdrawal price	$ 1.8689	$ 1.8320
Distribution (30/06/2021)	$ 0.0639	$ 0.0631
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 rose 3.0% in June, bringing the total return for FY21 to 27.7%. The top contributors to performance in June were: City Chic (+17.1%), Austbrokers (+15.5%) and Pinnacle Investments (+15.9%). The top detractors from performance in June were: Collins Food (-9.0%), NAB (-2.7%) and CSL (-1.7%). Over the past 12 months (FY21) BHP, City Chic and Redbubble contributed the most to fund performance. Bravura, A2 Milk (exited) and Austal (exited) were small detractors to the financial year performance.

As we enter the new financial year, the market appears to believe we could be headed into an inflationary environment. However, we don't invest based on whether future interest rates or inflation will be higher or lower. We just don't think it's possible to predict big macro factors with any degree of accuracy. However, looking at the history of stock performances during inflationary environments, the two type of stocks that tend to perform best over the long haul tend to have pricing power and/or high returns on invested capital. For this reason, we seek to invest in stocks with sustainable long term growth opportunities. More generally we have found that the quality businesses we favour tend to take market share during downturns. This is because they continue to invest, focus on their customers' needs and can finance operations from their internal cash flows. We have often found that these businesses also tend to grow faster coming out of downturns, which puts pressure on earnings estimates and is always good for stocks. Finally, we believe our businesses are poised to improve their growth through accretive acquisitions of competitors. Alliance Aviation and IDP Education are two examples of quality businesses that we have invested through the pandemic and are optimistic will do well in an inflationary environment.

Overall, we expect FY22 to look quite different to FY21, as the drivers to performance will differ. As a base case, we expect the ongoing global vaccine rollout, significant monetary and fiscal stimulus to result in an acceleration in economic growth and corporate earnings. There may be mixed signals from economic data or investor sentiment in the near term as the economic recovery takes hold, which is typical at this stage of the cycle, but it's unlikely to change our expectation that improving fundamentals will drive the strength of the coming recovery and market valuations.

Our portfolio positioning is probably the broadest it has ever been. Whilst the Fund has benefitted from a greater concentration in consumer and digital stocks over the past 12 months, the market transition to stronger economic recovery has introduced new investment opportunities: For example, we increased our exposure to the materials sector as a number of companies have been increasing their production and planning for expansion in commodities with strong supportive fundamentals. These investments include Mineral Resources and OzMinerals.

Top contributors (absolute)	Sector
City Chic Collective	Consumer Discretionary
AUB Group	Financials
Pinnacle Investment	Financials

Top detractors (absolute)	Sector
Collins Food	Consumer Discretionary
NAB	Financials
CSL	Health Care

Platforms
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Powerwrap

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