Prime Value Emerging Opportunities Fund Update – January 2022

- Global equity markets endured a challenging start to the year as investors reacted to the prospect of higher US interest rates.
- The fund returned -7.3% in January, 1.7% better than the Small Ordinaries Accumulation Index of -9.0%.
- The fund once again outperformed in a down market. February has started strongly, recovering much of January's decline.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**14.3%**	8.0%	6.3%
5 Years (p.a.)	**14.5%**	8.0%	6.5%
3 Years (p.a.)	**21.4%**	8.0%	13.4%
2 Years (p.a.)	**16.2%**	8.0%	8.2%
1 Year	**10.8%**	8.0%	2.8%
3 Months	**-6.0%**	2.0%	-8.0%
1 Month	**-7.3%**	0.7%	-8.0%

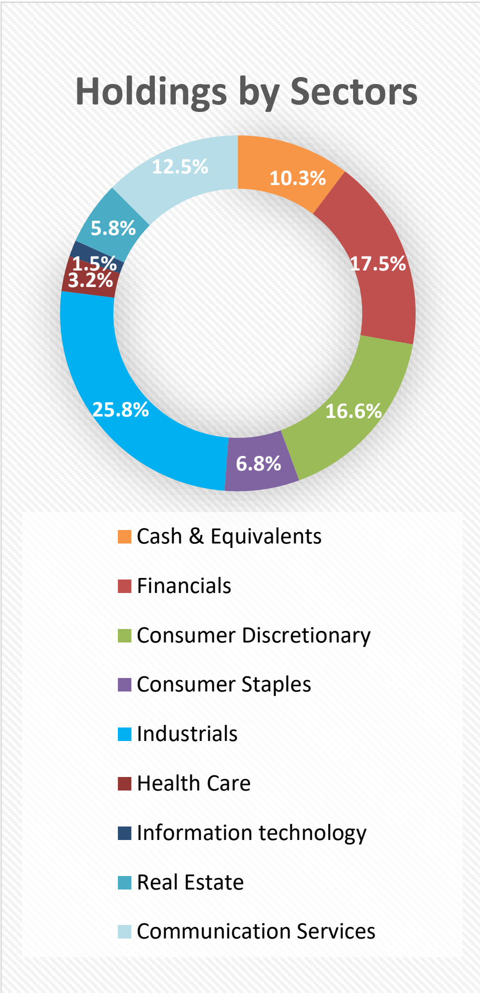
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2016				2.5%	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%	3.1%	**42.0%**	**137.6%**
FY 2022	0.6%	5.3%	(0.3%)	(1.4%)	(0.4%)	1.8%	(7.3%)						**(2.1%)**	**132.6%**

Top five holdings (alphabetical order)	Sector
EQT Holdings	Financials
News Corp	Communication Services
NIB Holdings	Financials
United Malt	Consumer Staples
Uniti Group	Communication Services

* The top five holdings make up approximately 18.5% 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
Research Rating	Zenith – Recommended Lonsec - Rated



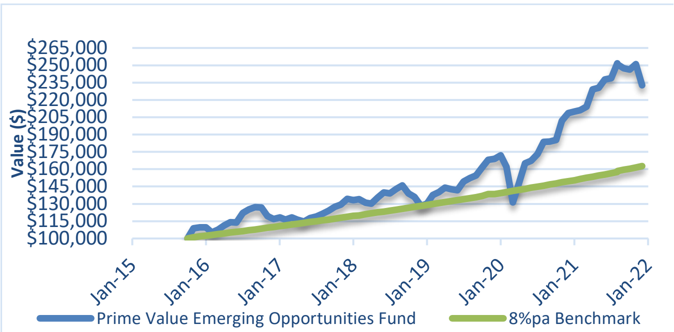
Market review

After starting the year on the front foot, global equities fell sharply through January as investors braced themselves for tighter monetary policy from central banks. The global equity sell-off was driven by rising real yields as the US Federal Reserve signalled an earlier start to quantitative tightening.

The MSCI World Emerging Markets Index declined -1.8% in US Dollar terms, outperforming the Developed Markets Index which fell -5.3%. Interest rate sensitivity proved to be a headwind for developed markets while emerging markets benefited from rising commodity prices. Globally, the outperforming sectors in January were Energy (+15.5%), Financials (+0.6%), and Consumer Staples (-3.0%). The largest underperforming sectors were IT (-8.5%), Consumer Discretionary (-8.4%), and Real Estate (-8.2%).

Bond yields jumped as investors increased rate hike expectations with US 10-year yields climbing 27bps to 1.78% and the Australian 10-year yield following suit with a 22bp rise to 1.89%. Commodity prices surged with Oil climbing $13 to $91/bbl driven by global supply concerns and Iron Ore increased US$28 to US$144/Mt supported by a restock ahead of Chinese New Year. Counter to the broad increase in commodity prices, Gold prices dropped US$11 to US$1,795/oz due to prospective interest rate increases.

The AS300 Accumulation Index lost ground over January, falling a significant -6.4%. The ASX also underperformed against the S&P500 Index which dropped -5.2% in January. On a sector basis, Energy (+7.9%) was the strongest performer, while Utilities (+2.6%), and Materials (+0.8%) also outperformed in Australia. The IT sector underperformed the most (-18.4%), Health Care (-12.1%) and Consumer Staples (-9.6%) also underperformed.



This graph shows how $100,000 invested at the Fund's Inception has increased to $232,600 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $162,700 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
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price	$2.0222
Withdrawal price	$2.0060
Distribution (31/12/2021)	$0.0525
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 -7.3% in January, 1.7% better than the Small Ordinaries Accumulation Index of -9.0%. Negative returns are always disappointing, but it is a normal part of investing in equities. Equities generates strong returns over the long term however they do experience short term volatility. Of some consolation, the fund has a very strong track record of outperformance in down markets. Over the 45 months (current portfolio manager), the fund has outperformed 84% of months when the market fell (16 of 19 months).

Forecasting the short term direction of markets from here is very difficult and our track record is no better than others. February has started strongly and recouped almost half of January's decline (at the time of writing). A key feature of the fund's performance track record is outperformance in down markets and performing in-line in up-markets. It preserves capital when times are tough and captures the upside in good times. This provides a smoother ride for investors. We are heavily invested in the fund ourselves so are aligned.

Additionally the fund has a structural advantage over many of our peers through the fee structure. Our benchmark is 8% p.a. absolute, not an index like many others. For example, in January we outperformed relative to the index, but we do not charge a performance fee. We only charge a performance fee when investors have received a reasonable return themselves (8% p.a.). We are incentivised to deliver a real return for investors not just beat an index. So there is no drag on returns in periods of negative return.

Key positive contributors for the month of January were **Kelsian Group** (KLS -4.7%), **Austal** (ASB +3.1%) and **Seven Group** (SVW +0.4%). Key detractors were **Pinnacle Investments** (PNI -27.7%), **Australian Finance Group** (AFG -18.5%) and **Mainfreight** (MFT.NZ -11.1%).

Despite **Kelsian's** negative return in January, it was a positive contributor to the fund as we purchased the stock during the month near its lows. It is a new entrant to the portfolio. We have watched the business for many years but never invested. January's market sell-off provided the opportunity to establish a position at a very attractive price. The silver lining to sell-off's is that they provide the opportunity to buy quality businesses at discounted prices. Kelsian is relatively defensive through the provision of bus services to governments while also having exposure to the re-opening of borders through its Marine & Tourism division (nb ferries). We hope to own Kelsian for many years.

As January's sell-off was starting the fund held 14% cash and by the end of the month, cash was down to 10%. We deployed capital into the falling market adding 1 new stock (Kelsian) and topping-up several existing holdings which have since rallied. Previous market down-turns have also provided good buying opportunities. In-line with our established process, we are sticking to the quality end of business models to ensure long term investment returns.

Top Contributors (Absolute)	Sector
Kelsian Group Limited	Industrials
Austal Limited	Industrials
Seven Group Holdings	Industrials
Top Detractors (Absolute)	**Sector**
Pinnacle Investment	Financials
Australian Finance Group	Financials
Mainfreight (NZ)	Industrials
Platforms	
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama	

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