Prime Value Emerging Opportunities Fund Update – February 2022

- Global equity markets were broadly softer in February as investors assessed the outcome of rising geopolitical tensions.
- The fund returned -1.5% in February, 1.5% below than the Small Ordinaries Accumulation Index of 0.0%. The fund again outperformed the Small Industrials Index (the fund's focus) which was -2.0%.
- Small Resources have outperformed Small Industrials for 5 consecutive months but over the long-term industrials typically perform better.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**13.8%**	8.0%	5.8%
5 Years (p.a.)	**14.5%**	8.0%	6.5%
3 Years (p.a.)	**18.5%**	8.0%	10.5%
2 Years (p.a.)	**18.9%**	8.0%	10.9%
1 Year	**8.6%**	8.0%	0.6%
3 Months	**-6.9%**	1.9%	-8.9%
1 Month	**-1.5%**	0.6%	-2.1%

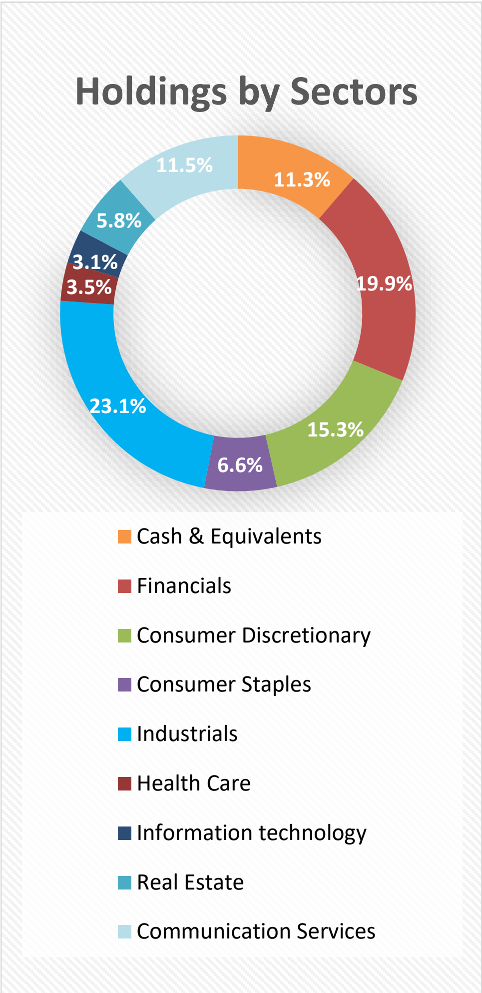
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%)	(1.5%)					**(3.5%)**	**129.2%**

Top five holdings (alphabetical order)	Sector
EQT Holdings	Financials
IPH Limited	Industrials
News Corporation	Communication Services
NIB Holdings	Financials
United Malt	Consumer Staples

* The top five holdings make up approximately 19.6% 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 – Investment Grade



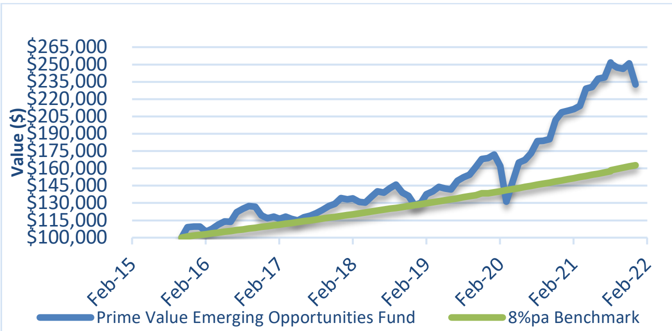
Market review

Global markets struggled in February, as geopolitical tensions saw investors reposition for an uncertain outlook. The DM World Index fell (-2.6%), largely driven by the S&P 500 Index (US) which dropped -3.0%.

The MSCI World Developed Markets Index returned -2.5% in US Dollar terms, outperforming the Emerging Markets Index return of -3.0%. Ongoing geopolitical tensions could prove a headwind for Emerging market equities as investors stay risk-off amid global uncertainty. Globally, stronger sectors in February were Energy (+5.2%), Materials (+2.0%), and Health Care (-0.4%) while weaker were Communication Services (-5.4%), IT (-4.7%) and Consumer Discretionary (-4.4%).

In bond markets, US 10-year yields increased 5bps to 1.84% in February, while Australian bonds rose 25bps to 2.13%, as the market brought forward expectations of RBA rate hikes. Commodity prices saw strong upward moves, particularly in Gold which lifted US$115 to US$1,910/oz as investors repositioned into safe-haven asset classes. Brent Oil also moved higher, up US$10 to US $110/bbl as markets reacted to supply uncertainty and sanctions on Russian oil and gas exports. Conversely, Iron Ore declined US$7 to US$137/Mt as geopolitical tensions drive higher costs and freight rates.

The ASX300 Accumulation Index was +2.1% in February. The index was strong earlier in the month but retraced some of these gains towards the end of February when geopolitical risks rose sharply. Large Caps stocks performed better than Mid and Small Cap stocks. Resources outperformed Industrials, with Energy and Materials sectors performing strongly along with Staples. Technology performed worst in the month. Materials (+125bps) and Banks (+77bps) were the largest positive contributors to index returns in February whilst Discretionary (-36bps) and Technology (-23bps) were the largest negative contributors.



This graph shows how $100,000 invested at the Fund's Inception has increased to $229,200 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $188,600 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	$1.9927
Withdrawal price	$1.9769
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

Fund review & strategy

The fund's return was -1.5% in February, 1.5% below than the Small Ordinaries Accumulation Index of 0.0%. While the fund underperformed the Small Ordinaries index, it outperformed the Small Industrials index (-2.0%). The fund does not invest in mining (resources) companies as their earnings are less predictable and share prices more volatile. Managing risk is at the forefront of our investment style. Small Resources have been particularly strong recently with the Small Resources outperforming the Small Industrials by 23.7% over the last 6 months (+9.8% v's -13.9%). Despite this headwind the fund has slightly outperformed the Small Ordinaries Accumulation Index (+0.2%) over this period. It has outperformed the Small Industrials more materially (+5.0%).

When resources run, they typically run hard like we are currently seeing. However, over the long term industrials have generated a far higher and less volatile investment return. Over the last 30 years since the indices were formed, Small Industrials have outperformed Small Resources in 58% of years and generated a total return almost double that of resources. Over the last 20 years of available monthly data, Small Resources volatility has been 66% higher than Small Industrials (std deviation of returns 27.5% v's 16.5%). We are long term investors and don't change our investment style when the wind changes.

The key driver of resource company earnings is the commodity price that is mined. Commodity prices are driven by macro factors that are very difficult to forecast. Recently energy and gold prices have spiked driven by Russia's invasion of Ukraine. These are tragic events and very difficult to predict. Should a de-escalation occur, it is likely the commodity prices would fall and resource shares follow. Core to our investment style is capital preservation. We prefer companies that have a high certainty of future earnings and cashflows. Share prices follow earnings so we can value these businesses with far greater confidence. Businesses generating a high return on capital that are "price makers" rather than "price takers" tend to provide a more certain and consistent investment return over the long term. It is inevitable that resources will go through periods of outperformance. Over the long term we believe our style is well positioned to outperform.

Key positive contributors for the month of February were **NRW Holdings** (NWH +36.3%), **Regis Healthcare** (REG +18.5%) and **SG Fleet** (SGF +5.5%). Key detractors were **Uniti Group** (UWL -21.3%), **City Chic** (CCX -20.4%) and **Alliance Aviation** (AQZ -17.4%).

February was "reporting season" when most companies report their financial results for the period ended 31 December, so it is an important month. A common theme amongst industrials was companies with relatively low valuation multiples and low expectations performed well, while those trading on higher valuation multiples and high expectations often fell. We hold a balance of both in the portfolio and broadly speaking this theme was reflected in the main positive and negative contributors to the fund in the month.

Top Contributors (Absolute)	Sector
NRW Holdings	Industrials
Regis Healthcare	Health Care
SG Fleet Group	Industrials
Top Detractors (Absolute)	**Sector**
Uniti Group	Communication Services
City Chic Collective	Consumer Discretionary
Alliance Aviation Services	Industrials

Platforms
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama

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