

Prime Value Opportunities Fund

Fund Update – April 2022



- The prospect of higher interest rates leading to slower growth weighed on equity markets.
- The Australian share market fell 0.8% but continues to outperform its global peers, as defensive Australian companies in the Healthcare and Utilities sectors carried market performance.
- The Fund fell 0.3% in April, which was ahead of the ASX300 Accumulation Index's 0.8% decline.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	10.8%	8.0%	2.8%
7 Years (p.a.)	8.4%	8.0%	0.4%
5 Years (p.a.)	8.4%	8.0%	0.4%
3 Years (p.a.)	9.6%	8.0%	1.6%
2 Years (p.a.)	18.5%	8.0%	10.5%
1 Year	5.6%	8.0%	-2.4%
3 Months	2.7%	1.9%	0.8%
1 Month	-0.3%	0.6%	-0.9%

* 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.

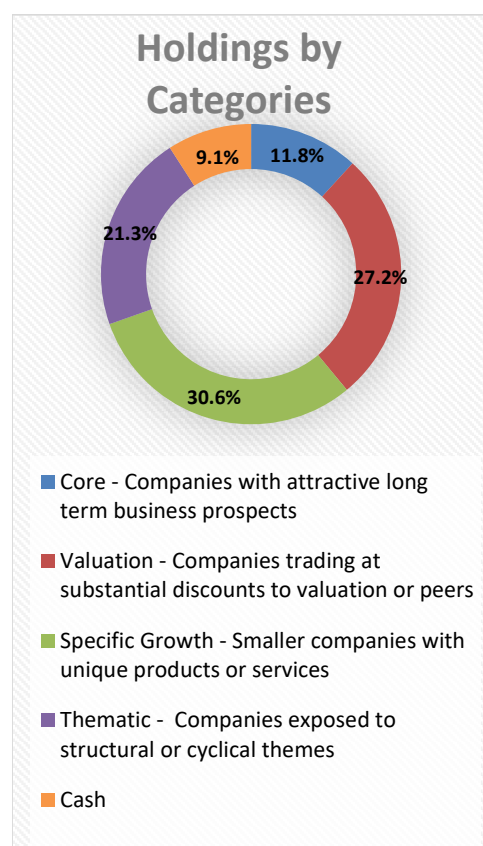
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%
FY 2022	0.9%	3.9%	-1.4%	0.3%	0.6%	1.9%	(7.3%)	(2.5%)	5.7%	-0.3%			1.2%	165.2%

Top five holdings	Sector
BHP Group	Materials
CSL Limited	Health Care
Commonwealth Bank	Financials
Macquarie Bank	Financials
Goodman Group	Real Estate

The top five holdings make up approximately 27.2% 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



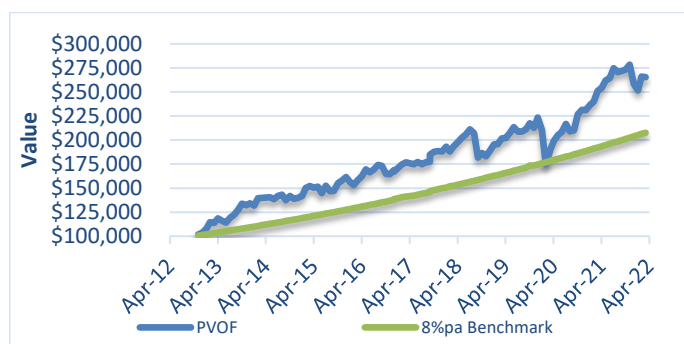
Market review

April proved a weak month for global equities, as rising inflation fears fuelled concerns of a slowdown in economic growth. Major equity markets fell during the month, except for the FTSE 100 Index, which recorded a small increase of +0.8%. The MSCI World Index fell -6.5% over the month led by US markets where the S&P500 Index fell -8.7%. The NASDAQ dropped another -13.2% over April as investors continued to sell down tech and 'growth' stocks. The NASDAQ has now fallen over 20% so far in 2022. Markets in Europe and Japan also fell over the month with the Stoxx 50 Index down -2% and the Nikkei 225 Index down -3.5%.

Government bonds continued to sell off (yields moved higher) and currency markets were volatile. On the latter, the Australian dollar enjoyed strong gains versus a number of currencies over the month, presumably a reflection upon strengthening terms of trade via rising commodity prices. Brent oil prices finished April at US\$109/bbl, only moving up \$1 for the month. Further gains were limited on weaker oil demand prospect from China due to continued expansion of lockdowns and mass testing across the region.

The ASX300 Accumulation Index lost ground (-0.8%) in April, relatively outperforming the DM World Index which fell (-6.9%) and the EM World Index which declined -3.5%. The ASX also outperformed against the S&P500 Index which fell (-8.7%). In April, whilst we observed a large drawdown within the Technology sector. Resources performed best within small caps, whilst Industrials had the edge in the mid- to small-cap stock universe. Size favoured large caps over small, however stocks within the top 20 by market cap observed relative underperformance vs. the slight broader top 50 stocks.

On a sector basis, Utilities (+9.3%) was the strongest performer, while Industrials (+3.5%), and Consumer Staples (+3.3%) also outperformed in Australia. The IT (-10.4%), Materials (-4.3%) and Consumer Discretionary (-3.1%) sectors relatively underperformed.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$265,200 (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 \$207,500 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 (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	\$20,000	N/A
Issue price	\$ 1.8612	\$ 1.8218
Withdrawal price	\$ 1.8472	\$ 1.8080
Distribution (31/12/2021)	\$ 0.0470	\$ 0.0456
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

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Fund review and strategy

Whilst share markets have been more challenging in recent months, the Prime Value Opportunities Fund's investment philosophy of focusing on quality stocks led by strong management teams can provide downside protection in these market conditions. The Fund returned -0.3% in April, outperforming the ASX300 Accumulation Index by +0.5%, reaffirming the Fund's good record of outperforming in down markets.

The Fund continues to be well diversified and has a differentiated strategy to that of the stock market index. We are maintaining our strategy of holding diversified exposures across the market and remain consistent in seeking to invest in quality businesses led by strong sound management and can grow its earnings over time. The Fund's top April performance contributors included: NIB Holdings (11.3+), Amcor (+10.4%) and GUD Holdings (+10.7%). The top detractors from performance in April were BHP (-7.2%), IDP Education (-14.9%) and Pinnacle Investments (-10.3%). Fund performance was carried by several 'defensive' companies whose earnings will continue to do well regardless of the economic climate.

We made an initial investment in auto parts supplier GUD late last year following the company's acquisition of the AutoPacific Group and Vision X. We have followed and interacted with GUD's management for over a decade and concluded GUD's latest acquisitions will both diversify the company's earnings and offer GUD new avenues of opportunities. GUD owns a diversified portfolio of companies that participate in the Australian and New Zealand automotive aftermarket. GUD's brands are well entrenched in the auto parts market and should allow the company to protect its margins in an inflationary environment. AutoPacific Group owns a leading towing and accessories manufacturing business Hayman Reese. We expect Hayman Reese to post robust earnings growth as a result of its strong market position in servicing the fast-growing 4WD and SUV categories.

We attribute IDP Education's weak share price to the COVID related lockdowns in China. The lockdowns are likely to result in softer English language testing volumes and student placement demand in the short term as mobility is restricted. However, as we have seen in past experiences, demand for IDP Education's services should rebound quickly when restrictions are ease. The company's growth prospect is undiminished. We have managed down our holding in IDP Education in recent months and will look for opportunities to rebuild our holding.

Outlook: The ability to look across the market allows the Fund to invest in parts of the market that appear to be most prospective at any given point in time. This means that investment opportunities exist across the full market spectrum and at every point of the economic cycle regardless of growth and value styles. If we look back at the portfolio over the past six months, we took the opportunity to reduce our holdings in parts of the market that were susceptible to more challenging outlooks through stocks such as City Chic, Redbubble and Pexa Group. The funds raised were deployed in opportunities we saw emerging through companies with attractive valuations such as Santos, Kelsian and NIB Holdings. More recently we are starting to see emerging opportunities in some smaller growth orientated companies. Several companies have been affected by COVID disruptions leading to operational difficulties. Overlaying these disruptions with the prospect of rising interest rates has compounded downward pressure on valuation multiples. We expect significantly more opportunities to develop over the next six months with valuations appearing attractive.

Top contributors (absolute)	Sector
NIB Holdings	Financials
Amcor	Materials
GUD Holdings	Consumer Discretionary

Top detractors (absolute)	Sector
BHP	Materials
IDP Education Ltd	Consumer Discretionary
Pinnacle Investment	Financials

Platforms	
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