Prime Value Emerging Opportunities Fund Update – June 2022

- In June, higher interest rates and concerns of slowing economic growth drove most equity markets lower.
- The fund returned -7.8% in June, 5.3% better than the Small Ordinaries Accumulation Index of -13.1%.
- June concluded the financial year and the fund returned -13.9%, 5.6% better than the index return of -19.5%. Equity markets typically lead other asset classes and have priced-in higher interest rates and a weaker economy. The positive news is that equities will also likely lead us out of the current downturn. It is always difficult to forecast when this will occur but we are seeing many attractive opportunities.
- The Emerging Opportunities Fund paid 3.5c per unit (yield of 2% per unit, total for the financial year of 8.8c per unit or 4% yield).

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**11.2%**	8.0%	3.2%
5 Years (p.a.)	**11.7%**	8.0%	3.7%
3 Years (p.a.)	**13.0%**	8.0%	5.0%
2 Years (p.a.)	**10.6%**	8.0%	2.6%
1 Year	**-13.9%**	8.0%	-21.9%
3 Months	**-13.0%**	1.9%	-14.9%
1 Month	**-7.8%**	0.6%	-8.4%

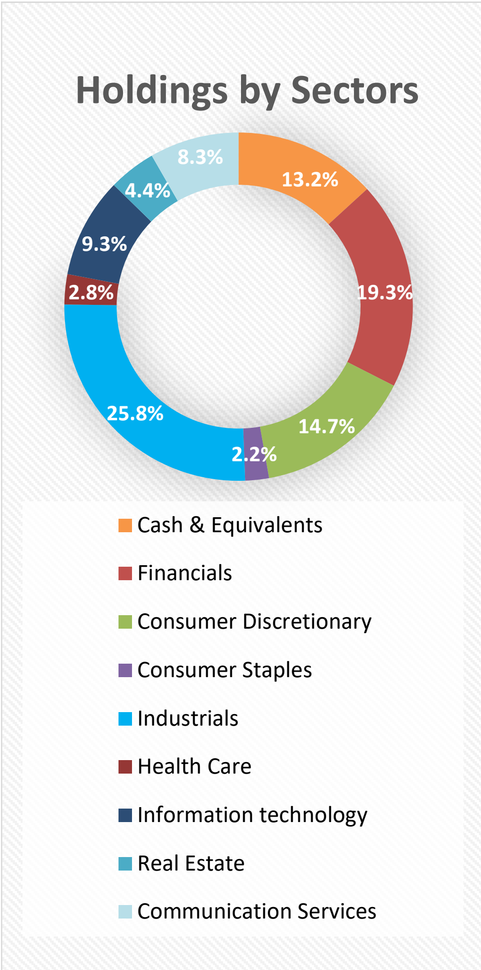
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%)	2.6%	(0.7%)	(5.0%)	(7.8)%	**-13.9%**	**104.6%**

Top five holdings (alphabetical order)	Sector
AUB Group	Financials
EQT Holdings	Financials
IPH Limited	Industrials
NIB Holding	Financials
Propel Funeral Partners	Consumer Discretionary

* The top five holdings make up approximately 21.9% of the portfolio

Feature	Fund facts
Portfolio Manager	Richard Ivers & Mike Younger
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

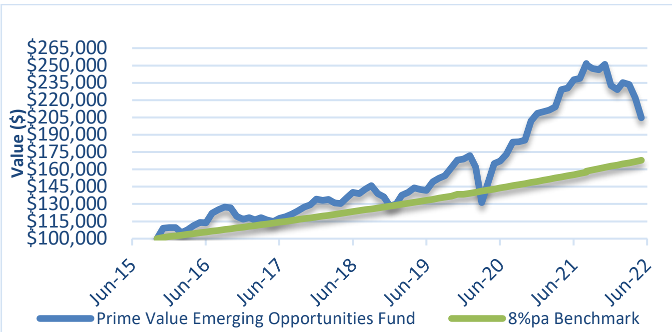


Market review

June was a weak month for global equities as investors continue to price-in concerns of rising inflation and a potentially sharp economic slow down. The MSCI Developed Markets Index fell (-7.7%), driven by the US S&P500 Index declining (-8.3%) in local currency terms.
Australian 10-year bond yields sold off 32bps in June to 3.66% as investors priced-in tightening monetary policy following rate hikes. In June, the Reserve Bank of Australia (RBA) followed their 25bp hike in May with another 50bp increase, taking the rate to 0.85%.

Commodity prices were broadly down. High US inventories saw Brent Oil prices decline US$8 to US$114/bbl. Iron Ore prices dropped US$16 to US$123/Mt as China's economic slow down continues to impact demand and profit margins at domestic steel mills. Gold dropped by US$22 to US$1,817 as rising global rates remain a headwind.

The ASX300 Accumulation Index fell 9.0% in June. The decline was driven by central bank rate hikes that have pushed up bond yields along with increasing concern that the US will experience a sharp economic slow down in late 2022 or 2023. In June, all sectors bar consumer staples (+0.2%) fell in the month with the barbell of Materials (-12.4%) and Financials (-11.9%) falling the most. Size favoured large, over mid and small cap indices, with the Small Ordinaries Accumulation Index experiencing a -13.1% fall. Industrial stocks outperformed Resources companies, with the spread greatest within the small cap cohort. Large cap returns were also negative for the year to June 2022, with the ASX100 Accumulation falling 5.0%. The technology sector fell the most in FY22, falling -38.3% compared to the Energy sector's +29.7% rise. Consumer Staples were broadly flat over the year whilst the materials sector held up well with only a marginal decline.



This graph shows how $100,000 invested at the Fund's Inception has increased to $204,620 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $167,090 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	$1.7433
Withdrawal price	$1.7294
Distribution (30/06/2022)	$0.0353
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 returned -7.8% in June, 5.3% better than the Small Ordinaries Accumulation Index of -13.1%. This concluded a tough financial year for equities, particularly since January when the US Federal Reserve flagged accelerating interest rate increases. For the 12 months to June 2022 the fund returned -13.9%, 5.6% better than the index return of -19.5%.

It is disappointing to deliver a negative return, however market returns do vary from year to year. Over the long term equity markets generate very attractive returns. Further, the fund has a strong track record of outperforming the market (table below), averaging 15.1% p.a. above the Small Industrials and 12.6% p.a. above the Small Ordinaries (includes mining, in which the fund does not invest). This has been through a particularly volatile period including 2 bear markets.

% return after fees	FY20	FY21	FY22	3 yr p.a.
Em Opp Fund	**18.1**	**42.0**	**-13.9**	**13.0**
Small Industrials Accum	-7.4	33.0	-24.0	-2.1
Relative performance	*+25.5*	*+9.0*	*+10.1*	*+15.1*
Small Ords Accum	-5.7	33.2	-19.5	0.4
Relative performance	*+23.8*	*+8.8*	*+5.6*	*+12.6*

FY = financial year or 12 months to June Source: Iress, ASX, Prime Value

Equities have moved quickly to price-in higher interest rates and a weakening economy. The good news is that equities are forward looking and will lead the economy in rebounding. The timing is unclear but key indicators are likely moderating inflation and a stabilisation of expected interest rates.

The fund is defensively positioned with the largest weightings in high quality businesses with less exposure to the economic cycle and strong balance sheets. However we are conscious that a lot of bad news is priced-in to cyclical stocks with many down more than 50% in the last 6 months. Therefore we do have small positions in a number of high quality cyclicals with strong balance sheets. These stocks could double or triple if the economic downturn is not as severe as expected, or shorter in duration. The outlook is never certain, it is one of probabilities. Balancing these probabilities is our focus, so that the fund can perform strongly under most scenarios.

We are very confident of preserving capital if markets fall further as our investment style performs well in these conditions. This is reflected in our historical track record of outperforming 82% of months when the index has fallen.

Capturing the upside in a strongly rebounding market is more of a challenge but one we expect to meet through stock-picking. Our level of contact with management of listed companies has increased in recent months as we broaden the net of potential opportunities. Being prepared in times of change is critical. The fund's team of 3 has over 40 years combined Australian small-cap experience through multiple economic cycles. The best long-term opportunities typically come from these periods and we are excited by what is on offer.

Top Contributors (Absolute)	Sector
Iress Limited	Information Technology
Omni Bridgeway	Financials
IPH Limited	Industrials
Top Detractors (Absolute)	**Sector**
Kelsian Group	Industrials
Regis Healthcare	Health Care
Smartgroup Corporation	Industrials
Platforms	
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama	

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