Prime Value Emerging Opportunities Fund Update – April 2022

- The prospect of higher interest rates leading to slower growth weighed on equity markets.
- The fund returned -0.7% in April, 0.8% better than the Small Ordinaries Accumulation Index of -1.5%. Small resources again outperformed (+0.3%) as commodity prices remained high. The fund does not invest in mining companies due to their relatively high risk.
- The market sell-off continues to provide us with opportunities to buy high quality companies at attractive prices.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**13.8%**	8.0%	5.8%
5 Years (p.a.)	**15.0%**	8.0%	7.0%
3 Years (p.a.)	**17.5%**	8.0%	9.5%
2 Years (p.a.)	**25.6%**	8.0%	17.6%
1 Year	**1.9%**	8.0%	-6.1%
3 Months	**0.3%**	1.9%	-1.5%
1 Month	**-0.7%**	0.6%	-1.3%

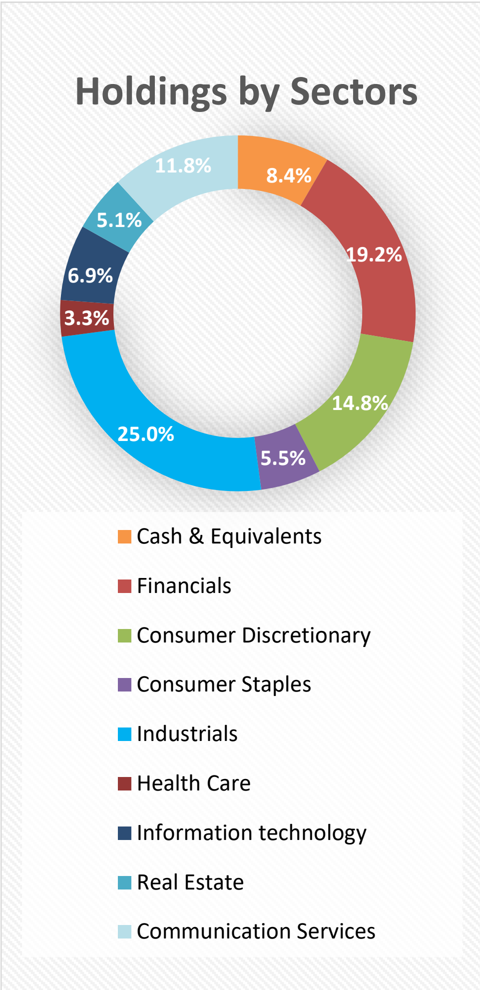
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns exclude the benefits of imputation credits. Past performance is 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%)			**(1.7%)**	**133.4%**

Top five holdings (alphabetical order)	Sector
AUB Group	Financials
EQT Holdings	Financials
News Corporation	Communication Services
NIB Holdings	Financials
Propel Funeral Partners	Consumer Discretionary

* The top five holdings make up approximately 19.7% 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



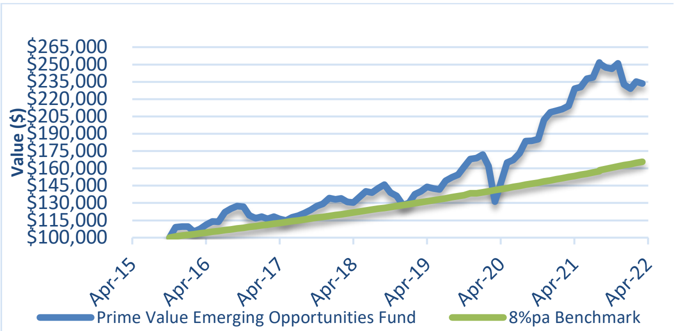
Market review

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 (+0.8%). The MSCI World Index fell -6.5% 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 against several currencies, presumably a reflection of strengthening terms of trade via rising commodity prices. Brent oil prices finished April up US$1 at US$109/bbl. Further gains were limited on weaker oil demand prospects 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 (-3.5%). The ASX also outperformed against the S&P500 Index which fell (-8.7%). 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.

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 $233,400 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $165,700 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	$2.0292
Withdrawal price	$2.0130
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 -0.7% in April, which was 0.8% ahead of the Small Ordinaries Accumulation Index's -1.5% return. The fund also bettered the Small Industrials Index's -2.1% return by 1.4%, noting that it does not invest in mining companies due to their inherent volatility.

As we mentioned last month, the fund is largely exposed to businesses that are relatively defensive and less influenced by the economic cycle. This is a key reason why the fund tends to outperform the market more strongly when it falls.

Key positive contributors for the month of April were **nib Holdings** (NHF +11.3%), **United Malt** (UMG +10.1%) and **Kelsian** (KLS +12.5%). Key detractors were **Omni Bridgeway** (OBL -10.5%), **City Chic** (CCX -12.1%) and **News Corporation** (NWS -5.8%).

nib Holdings (NHF) rose strongly in a weaker market, as the government further eased COVID restrictions, and international travel bookings ramped up. Health insurance is a resilient industry that has the ability to pass on inflationary pressures through higher insurance premiums, and while the current decline in the number of elective surgeries (and therefore hospital claims) is creating excess profits in the short-term, the opening up of international travel and increasing international student mobility is set to benefit the group's travel and overseas student insurance businesses in the years ahead.

United Malt (UMG) rebounded in April, recovering much of its March decline. The company is one of the largest independent maltsters in the world, with the majority of its operations in the USA, and a strong exposure to the structurally growing craft beer market. As a processor of malt, the company is generally able to pass through raw material cost increases to its customers, although the current supply chain issues around the world is currently causing it to absorb higher logistics costs. While COVID restrictions have impacted the group's earnings in recent years due to lower on-premise beer consumption, this represents upside going forwards as restaurants and pubs re-open, and concerts and sporting events return.

City Chic (CCX) is a global retailer of plus-sized apparel. It has been a large detractor for the fund in recent months, falling 46% since December, due to concerns that the company has built up too large an inventory position in a less certain consumer environment. However, we note that management have a strong track record over a long timeframe, with a trading update towards the end of the month highlighting that the company continues to outperform its global plus-sized apparel competitors. This is in part due to its inventory advantage in the current supply chain disrupted environment.

While we can't predict the short-term direction of equity markets, the recent sell-off continues to provide us with opportunities to buy high quality companies at attractive prices. To that end, the fund has a sizeable cash position to take advantage of any price dislocations that emerge.

Top Contributors (Absolute)	Sector
NIB Holdings	Financials
United Malt Group	Consumer Staples
Kelsian Group	Industrials
Top Detractors (Absolute)	**Sector**
Omni Bridgeway	Financials
City Chic Collective	Consumer Discretionary
News Corporation	Communication Services

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

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