Prime Value Emerging Opportunities Fund Update – November 2022

- Equities were strong again in November, as the Fed flagged slower rate hikes and a potential China re-opening boosted sentiment.
- The fund's return was +0.2% in November, 4.7% below the Small Ordinaries Accumulation Index of +4.9%. Index strength was largely due to the resources sector which rose 12% and represented 17 of the top 20 monthly stock performers (and which the fund does not invest in).
- Volatility has been a hallmark of 2022, with 6 of the past 12 months seeing the index move by more than +/- 6%. We expect this to moderate in 2023 as interest rates and inflation find their natural levels, and believe we are more than halfway through this phase.

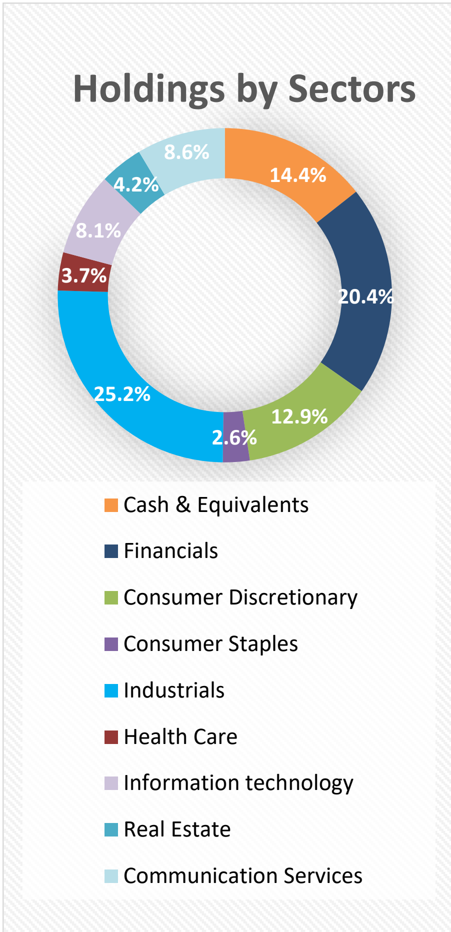
	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	**11.4%**	8.0%	3.4%
5 Years (p.a.)	**10.8%**	8.0%	2.8%
3 Years (p.a.)	**8.7%**	8.0%	0.7%
2 Years (p.a.)	**3.4%**	8.0%	-4.6%
1 Year	**-12.2%**	8.0%	-20.2%
3 Months	**-4.5%**	1.9%	-6.4%
1 Month	**0.2%**	0.6%	-0.5%

* 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%**
FY 2023	8.1%	2.2%	(8.9%)	4.7%	0.2%								**5.5%**	**116.0%**

Top five holdings (alphabetical order)	Sector
AUB Group	Financials
EQT Holdings	Financials
IPH Limited	Industrials
Kelsian Group	Industrials
NIB Holdings	Financials

* The top five holdings make up approximately 22.7% of the portfolio



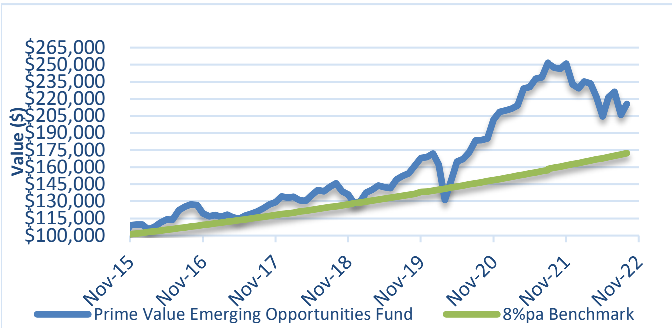
Feature	Fund facts
Portfolio Manager	Richard Ivers & Mike Younger
Investment objective	Achieve superior total returns by providing medium to long term capital growth by investing in smaller capitalisation companies.
Benchmark	8% p.a.
Inception date	8 October 2015
Typical number of stocks	25-50
Cash	0 - 100%
Unlisted Exposure	0 – 20%
International Exposure	0 – 20%
Distributions	Half-yearly
Suggested Investment Period	3 + years
Research Rating	Zenith – Recommended Lonsec – Recommended

Market review

Equities had a strong month in November, as US Federal Reserve Chair Powell's comments on potentially slowing rate hikes "as soon as December" provided relief to markets. Investors were paying close attention to the Fed, looking for any signs of a potential moderation in the pace of rate hikes. News of China's move towards re-opening also boosted investor sentiment. The MSCI Developed Markets Index rose (+5.7%), and the S&P 500 Index gained (+5.6%). The Stoxx600 Index finished the month up +6.8% whilst the Hang Seng index had its largest monthly gain since 1998, rising +26.6%.

Gold had its biggest monthly gain since May 2021, rising +8.3%, despite a volatile month which saw investors speculate heavily on central bank monetary policy. Oil rallied in the beginning of the month, hitting monthly highs on the back of hopes China was looking to ease its Covid-Zero policy. The rally was short lived as China reaffirmed its commitment to Covid-Zero, dampening hopes of a demand rebound. The Aussie dollar rallied, climbing +6.2% over the month of November. The RBA's November meeting drove an initial decline in the currency following the Reserve Bank's decision to hike the cash rate by 25bps.

The Australian market rally continued through to November, with the ASX300 Accumulation Index up +6.5%. Sector contribution was broad-based, with all sectors adding value except Midcaps. Resources were preferred over Industrials. Broad market performance was driven largely by large caps, which outperformed their mid and small cap counterparts. Materials (+362bps) contributed over half of the total market return in November, driven largely by the large cap miners (BHP, FMG, RIO). Financials (+73bps) and Health Care (+59bps) were next best, largely driven by CBA (+26bps) and CSL (+46bps). Whilst all sectors added to the market performance, Technology and Communication Services, +8bps each, contributed least.



This graph shows how $100,000 invested at the Fund's Inception has increased to $216,000 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $175,700 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	$1.8398
Withdrawal price	$1.8252
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

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Fund review & strategy

The fund's return was +0.2% in November, 4.7% below the Small Ordinaries Accumulation Index of +4.9%.

It was a strong risk-on month for equities, and particularly for resources, which made up 17 of the top 20 performing stocks in the index in November (and which the fund does not invest in). And of the remaining 3 industrial stocks, just 1 is expected to post a profit in FY23!

Key fund outperformers for the month were **Kelsian** (KLS +17.3%), **AUB Group** (AUB +11.6%) and **Nib Holdings** (NHF +9.4%). Key detractors were **Bravura** (BVS -35.2%), **IPH** (IPH -8.4%) and **City Chic** (CCX -39.1%).

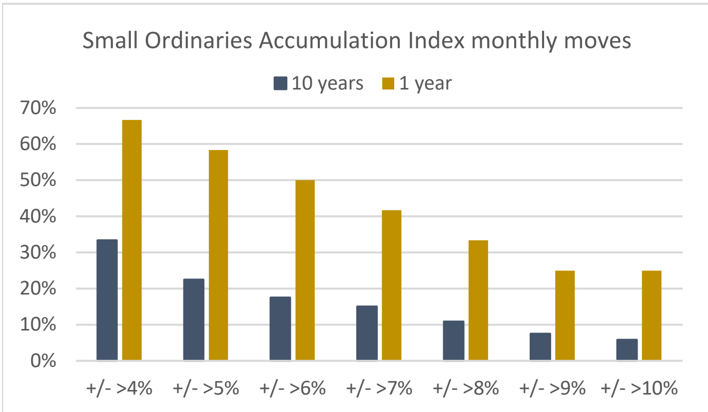
Kelsian (KLS) shares benefited from a contract renewal, reversing recent performance which has seen the stock -23% over the previous 3 months.

AUB Group (AUB) rose on upgraded FY23 earnings guidance, while investors gained more comfort with the recent Tysers acquisition.

Bravura (BVS) downgraded its FY23 earnings outlook as the new CEO highlighted that the company's cost base had blown out (rising 16-20%) due largely to inflationary pressures and labour inflexibility. We note that BVS is a relatively small holding in the fund.

City Chic (CCX) also downgraded its FY23 outlook due to excess inventory, intense competition in the USA, a weak European economy, and higher freight costs. We view the stock as having been excessively sold off, with a reduction in inventory likely to see strong cash flows and a net cash position by June 2023. CCX's fund weighting is relatively small.

The chart below neatly highlights the extent of volatility this year, showing the % of months over the past 10 years and over the past 1 year in which the market has moved strongly (one way or the other). It is quite staggering that 6 of the last 12 months has seen the index move +/- >6%:



We are mindful that with each month, we edge closer to the end of this volatile period as interest rates and inflation find their settling points. It is fair to say that we are likely more than halfway through this phase, with Australian interest rates having risen from 0.1% to 3.1% in 2022 thus far.

Top Contributors (Absolute)	Sector
Kelsian Group	Industrials
AUB Group	Financials
NIB Holdings	Financials
Top Detractors (Absolute)	**Sector**
Bravura Solutions	Information Technology
IPH Limited	Industrials
City Chic	Consumer Discretionary

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

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