

Prime Value Diversified High Income Monthly Fund Update – March 2022



By Matthew Lemke, Fund Manager

- The Fund had another very good performance in the month of March and will distribute its normal 0.42 cents/unit distribution in early April. The Fund has distributed 0.42 cents/unit (equivalent to 5.04% per annum) since it began in August 2019, being 32 consecutive months. The unit price of the Fund has also moved slightly higher in this period.
- The Fund continues to augment the range and diversity of the assets and industry in the portfolio. We are very selectively adding assets as the Funds Under Management grow
- The assets in the Fund's portfolio are performing well but we continue to be very vigilant about the investment market, the possibility of a rate hike by the RBA this year, of the rise in global inflation, China's economic performance, the pandemic, and the Russia-Ukraine war.

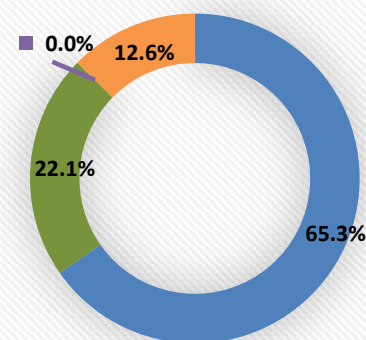
	Net Return*	Benchmark (RBA +4% p.a.)
Since inception (p.a.)	5.45%	4.30%
2 Years (p.a.)	5.64%	4.14%
1 Year	6.69%	4.10%
6 Months	3.27%	2.02%
3 Months	1.18%	1.00%
1 Month	0.47%	0.34%

* 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. Net returns are calculated after management fees.

Feature	Fund Facts
Portfolio Manager	Matthew Lemke
Investment Objective	The Fund targets a net return to investors of 4.0% p.a. over the RBA official cash rate. This return may vary from month to month depending on the market and as funds are invested.
Benchmark	RBA Cash Rate + 4%
Inception Date	1 August 2019
Distributions	Monthly
Suggested Investment Period	1-2 years
Individual Security Maximum Exposure	The maximum exposure to any individual security is generally 25% of the portfolio. We expect any individual security holding to be generally under 15% of the portfolio; however where the Fund's portfolio manager identifies a good investment, and believes it is in the best interest of investors to hold more than 15% of the portfolio in this security, a higher 25% threshold is available.
Minimum Investment	\$50,000
Management Fee	0.85% ¹ p.a.
Performance Fee	15% of net performance above the RBA Cash Rate + 4% p.a
Issue price	\$1.0075
Withdrawal Price	\$1.0065
Distribution (31/03/22)	\$0.0042

¹The Fund may hold one or more unlisted trusts. We estimate that the Fund's estimated proportion of management fees charged to such unlisted trust(s) is 0.60% pa (indirect cost). The above 0.85% pa management fee excludes this indirect cost.

Holdings by Category



- Income Securities
- Unlisted Trusts
- Enhanced Income
- Cash

Fund review and strategy

The Fund had another very good performance in the month of March and will distribute its normal 0.42 cents/unit distribution in early April. The Fund has distributed 0.42 cents/unit since it began in August 2019, being 32 consecutive months. The unit price of the Fund has also moved slightly higher in this period. The distribution rate per month of 0.42 cents/unit is equivalent to an annualised return of 5.04% per annum. Our goal is to continue to distribute 0.42 cents/unit and maintain a stable unit price with slight growth.

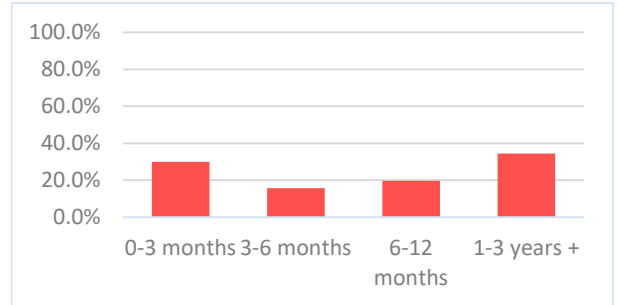
The Fund continues to augment the range and diversity of the assets and industry sectors in the portfolio. We are very selectively adding assets as the Funds under Management grow. We have strict portfolio criteria for our investments, both new investments and existing investments in the portfolio.

Our largest sector allocation is the property market, mainly through our mortgage book and other loans to property-related investments. Our allocation is within our asset allocation guidelines. The mortgages are first-ranking, typically with a 40-60% Loan-to-Valuation (LVR) which provides a measure of safety and comfort. Properties which are secured by the loans are chosen very selectively and are, on the whole, marketable should we need to exercise the security. Importantly the maturity of the mortgages is typically in the 6-18 month range, and loan maturities are staggered which helps us manage the portfolio and allows the Fund to benefit from the higher interest rates available in the market which has been occurring and is likely to continue given the RBA's rhetoric shift to now saying that a rate hike is "plausible" this year.

The other investments of the Fund are also managed very carefully especially given that the pandemic and the Russia-Ukraine war are ongoing. The implications of these factors are not direct but can affect the Fund's assets indirectly through such "transmission" effects as higher oil prices and overall market volatility. The "wild card" that has crept into all major western economies and is causing quite a lot of government policy consideration and market volatility is the persistence and strength of the rise in global inflation. We are also carefully watching China's economic performance given the rise in COVID cases and lockdowns, and the near-term likely impact on China's economic growth. We believe the fall in China's GDP growth will only be temporary. We are also watching European economic performance given the spill over effects in Europe generally of the Russia-Ukraine war. These factors can all impact Australia in a variety of direct and indirect ways.

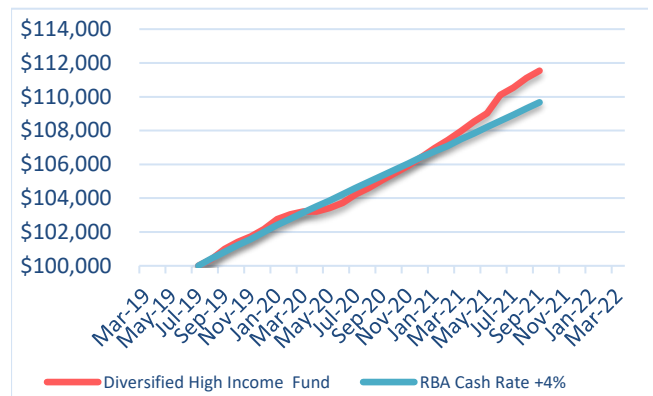
We thank you for your continued support of the Fund. As always, we welcome any comments or observations that you may have. We would be happy to arrange a conversation with the Fund Manager, Matthew Lemke, if you felt this was worthwhile. In circumstances where the ramifications simply cannot be foreseen.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.77 years.

Fund Performance



This graph shows how \$100,000 invested at the Fund's inception has increased to \$115,190 (net of fees). This compares with the return of the RBA cash rate +4% p.a., where a \$100,000 investment would have increased to \$111,890 over the same period.

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.

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