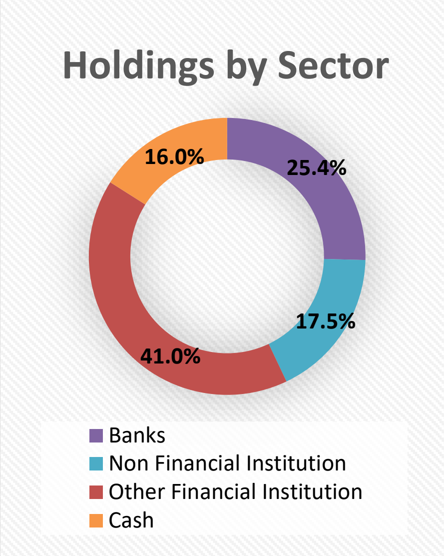
Prime Value Enhanced Income Fund
Monthly Fund Update – March 2022

- The Fund had a difficult quarter ended 31 March due to the adverse move in the risk premium for debt ("credit spreads") in the market. This move has outweighed the rise in base rates that the Fund benefits from. There are no issues with any securities in the Fund's portfolio. The fall in the Fund's return reflects the volatility in the traded prices of debt securities due to the extremely unstable market conditions
- The distribution for the March quarter will be temporarily reduced to 0.12 cents/unit, payable in early April. It is hoped that our target benchmark distribution of 0.40 cents/unit will resume as soon as we believe this is sustainable.
- The Fund's performance should be gauged over the medium term especially in terms of capital preservation, appreciating that market and other factors can cause variations in the unit price from time-to-time.

	Net Return*	Net Return including Franking Credits**	90 Day Bank Bill Rate (BBSW)
Since inception (p.a.)	**2.60%**	3.06%	1.42%
5 Years (p.a.)	**1.99%**	2.42%	0.98%
3 Years (p.a.)	**1.22%**	1.48%	0.39%
1 year	**0.40%**	0.44%	0.05%
6 Months	**-0.72%**	-0.72%	0.04%
3 Months	**-0.95%**	-0.95%	0.03%
1 Month	**-0.85%**	-0.85%	0.01%

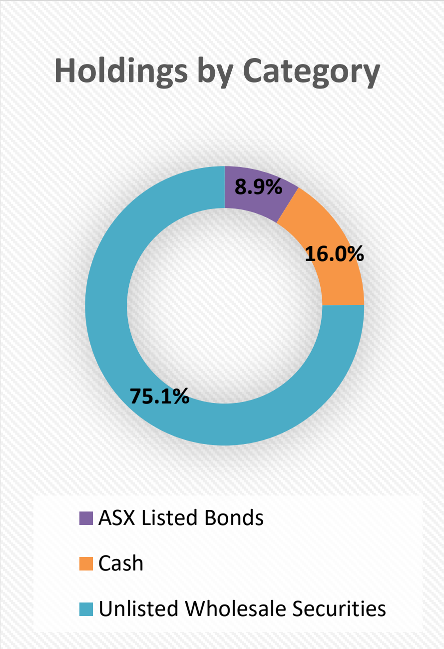
* Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are calculated after management fees. **Returns grossed up for Franking Credits are estimates.

Major Holdings	Sector	Category
NAB	Banks	Wholesale Notes
Westpac	Banks	Wholesale Notes
CBA	Banks	Wholesale Notes
ANZ	Banks	Wholesale Notes
Bank of Queensland	Banks	Wholesale Notes



Feature	Fund Facts
APIR Code	PVA0009AU
Portfolio Manager	Matthew Lemke
Investment Objective	To provide regular income with low risk of capital loss in the medium term (appreciating that the Fund's unit price will vary with market factors and other factors affecting the prices of securities in the investment portfolio). The Fund targets a return to investors of 1.5% over the 90 day BBSW rate (this benchmark rate was previously the Reserve Bank of Australia's cash rate).
Benchmark	90 day BBSW rate (this benchmark rate was previously the Reserve Bank of Australia's cash rate). The benchmark rate was changed to better reflect the Fund's objectives.
Inception Date	3 June 2014
Interest Rate Reset Duration	Approx. 0.25 years
Distributions	Quarterly
Suggested Investment Period	1 + year
Minimum Investment	$50,000
Indirect Cost Ratio (ICR)	0.60%[1] p.a.
Issue price	$0.9836
Withdrawal Price	$0.9832
Distribution (31/03/22)	$0.0012

[1] Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC



Fund review and strategy

The Fund had a difficult quarter ended 31 March as reflected in the performance table due to two inter-related factors, both related to the risk premium for debt securities (the "credit spread"):

The market is now fully anticipating that the RBA will hike rate much earlier than expected. Many banks and economists are expecting rate hikes to commence in the June-September 2022 quarter. The base interest rate or coupon on the securities in the Fund's portfolio resets on average every 3-4 months (low "interest rate duration"). This means the Fund benefits from hikes in the base rate. However, in the last 1-2 months the RBA has changed its tune due to the persistent inflationary pressures being seen in Australia and globally. It now believes a rate hike this year is "plausible". This is a change from their continuous rhetoric that rate hikes would not occur until 2023 once wage rises justified the hikes. This unexpected change by the RBA has put pressure on the credit spreads in the market which has negatively impacted the prices of securities in the Fund's portfolio. The "sea-change" for markets of rates rising from the all-time lows and the removal of the extraordinary Quantitative Easing measures is being felt globally, not just in Australia

The Russia-Ukraine war does not have a direct effect on the Fund – our securities are all located in Australia. Nonetheless, the war has exacerbated the move out in credit spreads globally and in Australia. The major "transmission" effect has been through the weaker global economic picture, and the large rise in oil and energy prices which has exacerbated short-term inflation pressures. CPI for the March quarter due to be released in late-April is now a key data point for the Australian credit market.

Credit spreads globally and in Australia have been at historic lows until the above two factors began to gain momentum earlier this year. The move out in credit spreads is more a move back to "normal" spreads rather than a signal that there are major issues in the credit and debt markets. The Fund has had no defaults or problems in any of the securities or security issuers in the Fund's portfolio. The Fund is invested in securities that are investment-grade, or securities issued by entities such as the major Australian banks that are rated investment-grade, or issued by entities that are listed on the ASX. Overall creditworthiness of the portfolio is very strong, and repayment of all securities is highly expected. The Fund's performance in terms of the fall in its return is more reflecting the day-to-day volatility being experienced in the prices of all debt securities in the market due to the very unstable market conditions. As we mark-to-market the Fund on a daily basis, the Fund's return reflects these gyrations.

As a result of the difficult investment environment for debt securities, the distribution rate will be reduced temporarily for the March quarter to 0.12 cents/unit, payable in early April. It is hoped that our target benchmark distribution of 0.40 cents/unit will resume as soon as we believe this is sustainable.

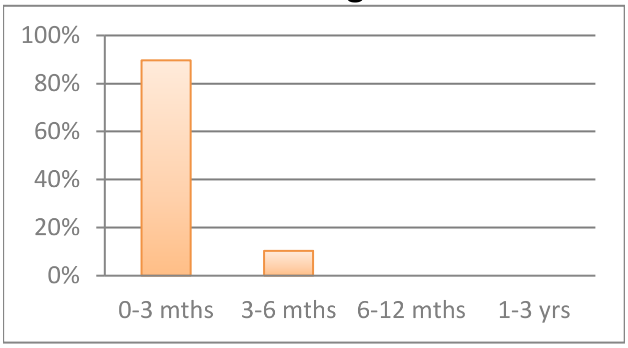
The Fund's performance should be gauged over the medium term as set out in the Fact Sheet and PDS for the Fund. The returns of the Fund for all periods greater than 1 year are tracking more than the Benchmark BBSW return. Of course, past returns are not an indicator of future performance.

We remain very vigilant to market developments. The critical factors operating in the market at the moment are the ongoing Russia-Ukraine war, the persistence and strength of the rise in global inflation, and the ongoing pandemic. It is not anticipated that any of these factors will resolve soon. Hence, we are adopting a very conservative approach to management of the Fund's portfolio. Part of this approach has been to allow the Cash balance of the Fund to move higher, currently ca. 15% of Funds under Management. The cash allocation creates a drag to the Fund's earnings, but we believe the cash allocation is appropriate to risk-manage the current market volatility. Once the market "normalises", the cash will be invested into securities on a very selective basis.

The Australian Federal Budget announced in the last week of March did not have an impact on the market with comfort taken that the Budget Deficit and National Debt were reducing over time. The Federal Election will be announced soon and held around mid-May. We do not anticipate that this will have a material bearing on the performance of the Fund. We do, however, expect that an ALP victory, or the expectation on an ALP victory, may have a somewhat negative overall effect on markets in Australia given that it will be a change from the Liberal/ National Coalition government that has been in place for the past decade.

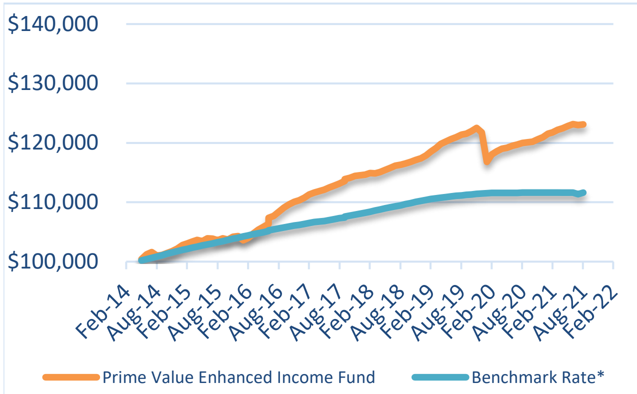
We thank you for your support of the Fund and would welcome any questions or comments that you may have. As always, we are more than happy to arrange a conversation with the Fund Manager, Matthew Lemke, at any time if you thought this would be worthwhile.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.25 years. The majority of interest rates are reset every quarter. Securities with interest rates reset every quarter are not exposed to the risk of interest rate increases, unlike fixed rate investments.

Fund Performance



This graph shows how $100,000 invested at the Fund's inception has increased to $122,230 (net of fees). This compares with the return of the benchmark rate, where a $100,000 investment would have increased to $111,670 over the same period.

*the Benchmark Return was calculated by reference to the RBA Official Cash Rate until December 2020 but thereafter by reference to the 90 day BBSW rate

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.

Contact details:

Alyssa Hennessy, Riza Crisostomo, Julie Abbott and Dora Grieve

Client Services Team
Phone: 03 9098 8088
Email: info@primevalue.com.au
Web: www.primevalue.com.au

Mail:

Prime Value Asset Management Ltd
Level 9,
34 Queen Street
Melbourne
VIC 3000