

Prime Value Diversified High Income Monthly Fund Update – September 2022



By Matthew Lemke, Fund Manager

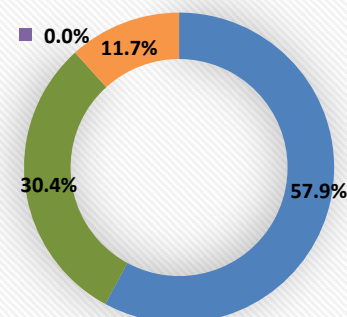
- The Fund had a good performance in the September quarter with a 0.37% after-fees return.
- The Fund will distribute 0.45 cents per unit in early October.
- The Fund is insulated from the gyrations of the traded markets as the vast majority of the investment portfolio is invested in unlisted assets. However, we continue to watch all markets very carefully given the volatility globally and in Australia as central banks including the RBA continue to hike rates to combat inflation.

	Net Return*	Benchmark (RBA +4% p.a.)
Since inception (p.a.)	5.83%	4.41%
3 years (p.a.)	5.82%	4.38%
2 Years (p.a.)	6.72%	4.33%
1 Year	7.25%	4.54%
6 Months	3.87%	2.47%
3 Months	1.50%	1.39%
1 Month	0.37%	0.47%

* 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 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	Individual security holdings will generally be limited to 15% of the portfolio, however, the Fund Manager is permitted to invest above 15% but not exceeding 25% of the portfolio if this is considered to be in the best interests of investors.
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	\$1.0200
Withdrawal Price	\$1.0190
Distribution (30/09/22)	\$0.0045
¹ The 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 a very good performance in September with a 0.37% after-fees return. In the past 3 months, the Fund is 1.5% after-fees and in the past 12 months the Fund return is 7.27% after-fees. These returns are well above the Fund's target benchmark return. Of course, past returns are not an indicator of the future performance of the Fund.

The Fund will distribute 0.45 cents per unit in early October.

The Fund's strong performance was mainly the result of the Fund being invested in a diverse portfolio of quality assets that do not experience the day-to-day volatility seen in the traded markets.

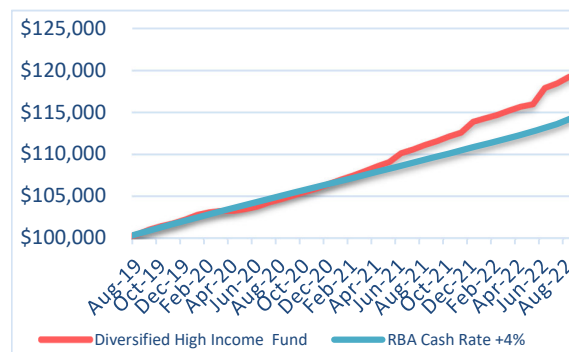
This strategy has benefitted the Fund because it largely insulates the Fund from the very high levels of volatility seen in the global traded markets especially the equity, bond and credit markets. The traded markets are responding to the heightened level of concern by central banks to the strong inflation data and consequent tightening of monetary policy through a series of aggressive rate hikes. It is highly likely that the RBA along with many other western-developed central banks will continue to hike rates for the foreseeable future and possibly into the New Year. Along with the rate hikes has been the complicating factor of a deterioration of the forecasts by many senior economists for Australian economic growth in 2023. This also is unsettling all markets.

The Fund is primarily invested in various types of property, mortgage and commercial assets. There is a high degree of diversity on the assets. All assets are performing according to our expectations.

We continue to monitor markets very carefully and invest in new assets in a diversified way but only where those assets meet our strategic objectives for the Fund and the strict investment criteria which are rigorously applied without exception. Discipline in management of the Fund is extremely important in these volatile market conditions. It is expected that markets will continue to be volatile through the remainder of this calendar year. In particular, we will be reviewing carefully the all-important September quarter CPI data released on 26 October, the Federal Budget on 28 October, followed by the RBA meeting on 2 November. We will also be watching carefully the 20th National Congress of the Communist Party of China (CPC) to be convened in Beijing on 16 October for any potential ramifications for Australia.

We thank all investors for your continued loyalty to the Fund. We would welcome a call or meeting with you if you wanted to discuss the Fund or markets in more general with Matthew Lemke, the Fund Manager and Yak Yong Quek the CEO of Prime Value.

Fund Performance



This graph shows how \$100,000 invested at the Fund's inception has increased to \$119,660 (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 \$114,660 over the same period.

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