

Prime Value Diversified High Income Monthly Fund Update – October 2022

By Matthew Lemke, Fund Manager

- The Fund’s return for the past 12 months has been 7.03%, after fees.
- The “ bid/offer” spread for investments and withdrawals has been removed so the issue price and withdrawal price for units are now both the same price.
- The Fund will pay its usual monthly distribution of \$0.45 cents/unit in early November.

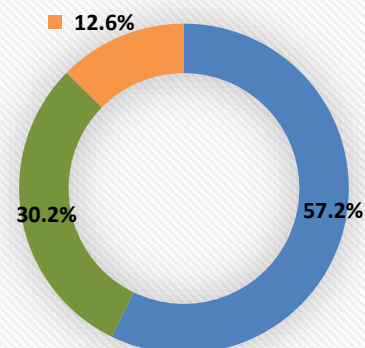
	Net Return*	Benchmark (RBA +4% p.a.)
Since inception (p.a.)	5.77%	4.47%
3 years (p.a.)	5.76%	4.42%
2 Years (p.a.)	6.67%	4.42%
1 Year	7.03%	4.75%
6 Months	3.75%	2.68%
3 Months	1.30%	1.50%
1 Month	0.27%	0.52%

* 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 a reliable indicator of future performance. Net returns are calculated after management fees.

Feature	Fund Facts
Portfolio Manager	Matthew Lemke
Investment Objective	The Fund aims to provide regular income with medium risk Exposure. The Fund targets a return to investors of the RBA Cash Rate plus a margin of 4.0% p.a. This return may vary from month to month depending on the market.
Target Market	The Fund is designed for investors seeking a return above the RBA cash rate and regular distributions from a diverse portfolio of investments with an emphasis on capital preservation.
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% ¹ of net performance above the RBA Cash Rate + 4% p.a
Issue price	\$1.0178
Withdrawal Price	\$1.0178
Distribution (31/10/22)	\$0.0045

¹The Fund may hold one or more unlisted trusts (Interposed Vehicles). Indirect costs are the impact on the Fund from fees and costs such as management fees in connection with Interposed Vehicles. The fees in the above table exclude indirect costs. Indirect management fees and costs for the year ended 30 June 2022 were 0.77%. Indirect performance fees charged or accrued since the Fund’s inception to 30 June 2022 were 0.29% pa. Indirect costs will vary every year.

Holdings by Category



- Income Securities and Loans
- Unlisted Trusts
- Cash

Fund review and strategy

The Fund's return for the past 12 months has been 7.03% after-fees. Of course, past performance is not an indicator of future performance.

The usual monthly distribution of \$0.45 cents/unit will be paid in early November.

We have made the decision to remove the "bid/offer" spread for new investments and withdrawals: the issue price and withdrawal price for units are now both the same price as seen in the Fund Facts on the previous page. This change will hopefully help investors in their investment decisions, as it removes a transactional cost to investing.

The Fund will benefit from interest rate rises but there can be significant leads and lags as assets in the Fund's portfolio are progressively re-priced. The RBA continues to hike rates as seen in both early October and early November with the RBA increasing the cash rate by 25bp at each of its meetings. The rate hikes are by no means over with the RBA talking strongly about the need to contain inflation and indicating quite clearly that more rate hikes will occur. The September quarter CPI result was very strong, and this is certainly laying the groundwork for further rate hikes by the RBA. Employment data has also continued to be strong, with low unemployment, along with the weak A\$, both factors also supporting further rate hikes. Most economic forecasters have moved up their interest rate forecasts after the strong CPI and employment data last week.

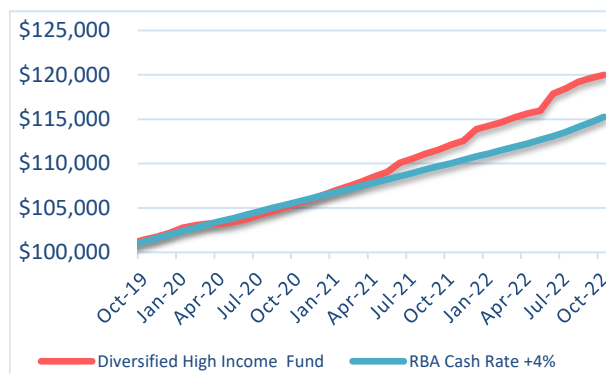
The Fund is predominantly invested in wholesale and non-listed assets so avoids the volatility evident on the non-wholesale (retail) and traded/listed markets, especially when markets are struggling.

Assets in the Fund's portfolio are performing well and meeting target income and capital requirements. We continue to monitor markets very closely given the wide range of factors influencing global economies and markets at the moment.

The diversity in the range of assets in the Fund's portfolio is helping to strengthen the overall risk and return characteristics of the Fund, and allowing us to continue to pay consistent distributions every month.

We thank you for your continued loyalty to the Fund. We welcome any questions or comments that you may have. We would also like to make available a meeting or phone call with the Fund Manager, Matthew Lemke or Prime Value CEO, Yak Yong Quek.

Fund Performance



This graph shows how \$100,000 invested at the Fund's inception has increased to \$119,990 (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 \$115,260 over the same period.

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