Prime Value Diversified High Income Monthly Fund Update – January 2023

By Matthew Lemke, Fund Manager

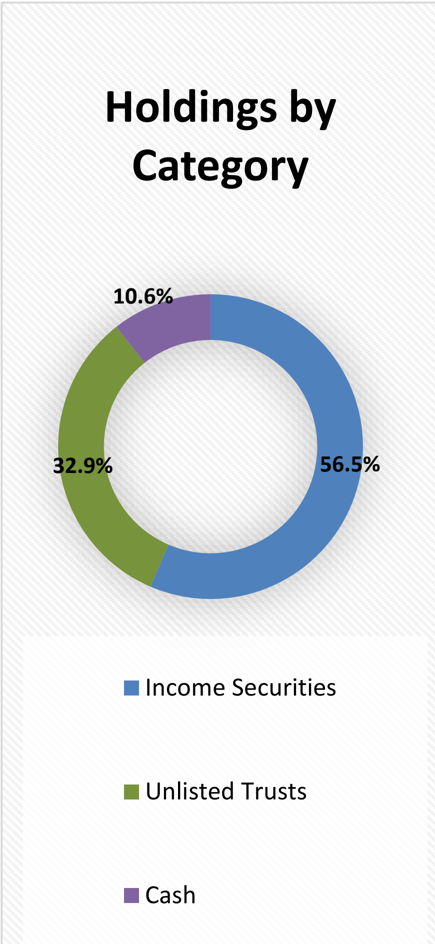
- The Fund performed well in January achieving a return of 0.51% after-fees. The Fund's return over the past 12 months is 6.25% after-fees, above the target return.
- Due to the ongoing good performance the monthly distribution has been increased to 0.49 cents/unit from 0.45 cents/unit. 0.45 cents/unit has already been paid for the January distribution and another 0.04 cents/unit will be added to the February distribution bringing that distribution to 0.53 cents/unit.
- Overall, we see market and financial conditions as being favourable for the Fund.

	Net Return*	Benchmark (RBA +4% p.a.)
Since inception (p.a.)	**5.70 %**	4.65%
3 years (p.a.)	**5.72%**	4.61%
2 Years (p.a.)	**6.54%**	4.79%
1 Year	**6.25%**	5.46%
6 Months	**2.51%**	3.25%
3 Months	**1.19%**	1.72%
1 Month	**0.51%**	0.61%

* 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	$1.0164
Withdrawal Price	$1.0164
Distribution (31/01/23)	$0.0045

[1]The 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.



Fund review and strategy

The Fund performed well in January achieving a return of 0.51% after-fees. The Fund's return over the past 12 months is 6.25% after-fees which is above the target return.

Due to the ongoing good performance of the Diversified High Income Fund, the monthly distribution has been increased to 0.49 cents/unit from 0.45 cents/unit. 0.45 cents/unit has already been paid for the January distribution and another 0.04 cents/unit will be added to the February distribution bringing that distribution to 0.53 cents/unit.

Markets globally have generally started 2023 well, particularly as the market is now coming to the view that the US Federal Reserve will cease hiking rates soon. The resilience of the global market environment, and in Australia, is benefitting the assets in the Fund's portfolio.

The Fund is also generally benefitting from the move to higher interest rates over the past 12 months as the interest rates of the majority of assets in the Fund's portfolio are regularly repriced.

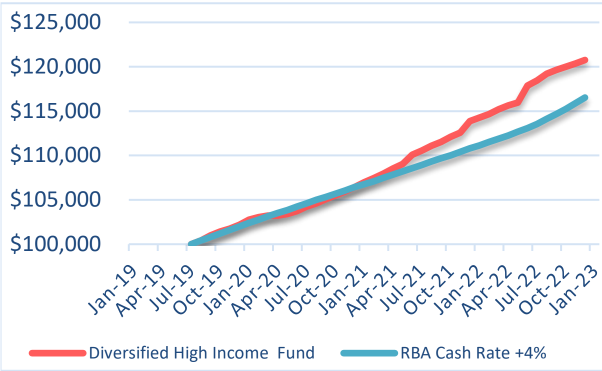
In perspective, in 2020-2021 there was a very significant easing cycle globally, and in Australia, due to the COVID-19 outbreak. With the rise in inflation globally and in Australia, in 2022 there was a very significant tightening cycle effectively unwinding the previous rate cuts. The market is now coming to the view that the tightening cycle is nearing the end, especially as central banks around the world, and the RBA in Australia, need to balance the much tighter monetary conditions with the potential detrimental effect of the rate hikes on the general economy. Hence, the growing market view that further rate hikes in Australia will be quite limited. However due to inflation likely to stay above the RBA's 2-3% policy band for some time, an easing cycle is not imminent either. Hence, interest rates could simply plateau at or near current levels for quite some time. As such, the interest rate environment is favourable for the Fund.

Overall, we see market and financial conditions being favourable for the Fund, and the assets in the Fund's portfolio are performing well.

The Diversified High Income Fund is a very good way for investors to invest in a diversified way, providing a convenient "one-stop" means to invest in a large range of high-quality and carefully selected assets across a wide range of industries and sectors. The vast majority of the assets in the portfolio are only available in the wholesale/ non-listed markets, which means that the assets in the Fund's portfolio do not experience the volatility of the listed markets, supporting the stability of the capital and ongoing income distribution of the Fund.

We welcome any comments or any questions you may have, and would be very pleased to organise a meeting or 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 $121,420 (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 $117,240 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 a reliable indicator of future performance.

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