Prime Value Diversified High Income Monthly Fund Update – March 2023

By Matthew Lemke, Fund Manager

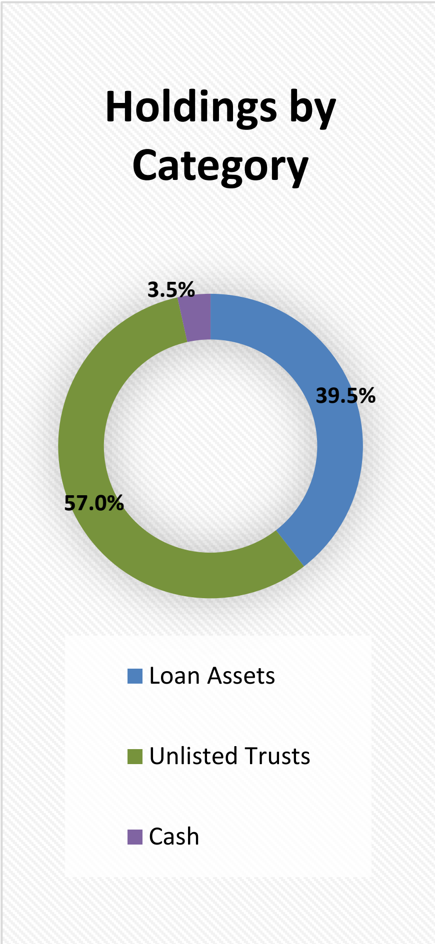
- The Fund performed satisfactorily in March with a return of 0.35% after-fees, despite the quite severe market reaction globally March to the collapse of Silicon Valley Bank, and the difficulties experienced by Credit Suisse prior to its merger with UBS. The return of the Fund over the past 12 months is 6.99% after-fees.
- For the month of March, the Fund paid its normal monthly distribution of 0.49 cents/unit in early April. For the month of April, the distribution to be paid in early May will be increased to 0.51 cents/unit which is equivalent to an annual distribution of 6.295% (assuming all distributions are reinvested).

	Net Return*	Benchmark (RBA +4% p.a.)
Since inception (p.a.)	**5.87%**	4.76%
3 years (p.a.)	**6.09%**	4.76%
2 Years (p.a.)	**6.84%**	5.04%
1 Year	**6.99%**	6.00%
6 Months	**3.00%**	3.44%
3 Months	**2.03%**	1.78%
1 Month	**0.35%**	0.62%

* 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	$1.0215
Withdrawal Price	$1.0215
Distribution (31/03/23)	$0.0049

[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 satisfactorily in March with a return of 0.35% after-fees, despite the quite severe market reaction globally in March to the collapse of Silicon Valley Bank, and the difficulties experienced by Credit Suisse prior to its merger with UBS. The return of the Fund over the past 12 months is 6.99% after-fees. Of course, past performance is not a reliable indicator of future performance.

For the month of March, the Fund paid its normal monthly distribution of 0.49 cents/unit in early April. For the month of April, the distribution to be paid in early May will be increased to 0.51 cents/unit which is equivalent to an annual distribution of 6.295% (assuming all distributions are reinvested).

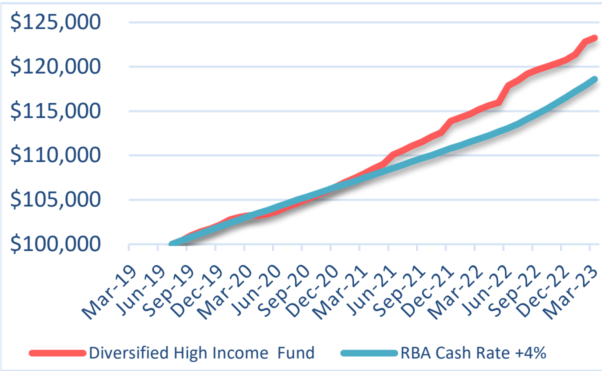
The collapse of Silicon Valley Bank, and the merger of Credit Suisse with UBS, are events outside of Australia and have no direct bearing on the Diversified High Income Fund. Silicon Valley Bank was a bank operating mainly in the technology/ start-up sector in the US. Credit Suisse is based in Switzerland albeit with significant offshore operations. The Diversified High Income Fund has no business with, or exposure to, either Silicon Valley Bank or Credit Suisse. Despite recent 'hyped' media, we do not see the demise of Silicon Valley Bank, or the merger of Credit Suisse with UBS, as posing 'systemic' risks to the global financial system, or to the Australian financial system. Markets have calmed down significantly in recent days and the decision by the RBA on 4 April to not hike the cash rate is also positive for Australia as the 3.5% of rate hikes since May 2022 were beginning to put pressure on certain sectors of the Australian economy and causing some economists to lower their forecasts for Australia's economic growth despite Australia benefiting from an historically high Terms of Trade balance (Australia's net exports over imports). We expect the Terms of Trade to remain quite favourable for Australia especially with our major export destination China coming out of its national COVID lockdown. The strong Terms of Trade differentiates Australia from many other major industrialised countries.

We continue to be highly vigilant to events that may impact the Australian economy or financial system. We are encouraged by the fact that the major Australian banks are well-capitalised and have a strong funding base. We also take comfort in the high level of governance standards of the Australian banks, and the depth of supervision of the Australian banking sector by the Australian Prudential Financial Authority (APRA).

The Fund's portfolio in invested in quality assets and providing income and capital stability to the Fund. None of the assets of the Fund are invested in the listed or traded market, so the Fund does not have the volatility being experienced from time-to-time in the listed or traded market. The diversification of assets in the Fund's portfolio also provides a strong degree of protection against any adverse moves in a particular market or sector.

We welcome any questions or comments you may have on the market or the Fund and encourage you in this regard to organise a call with the Portfolio 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 $123,250 (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 $118,600 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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