

Prime Value Enhanced Income Fund

Monthly Fund Update – March 2023



- The Fund performed well over the March quarter achieving an overall return of 0.88% after-fees, slightly above its Benchmark return. This return was achieved despite the significant market volatility in March following the collapse of Silicon Valley Bank, and the difficulties experienced by Credit Suisse prior to its merger with UBS.
- In early April, the Fund paid its normal quarterly distribution of 0.25 cents/unit. During the quarter, it was pleasing to see the unit price make gains.

	Net Return*	Net Return including Franking Credits**	90 Day Bank Bill Rate (BBSW)
Since inception (p.a.)	2.44%	2.86%	1.54%
7 years (p.a.)	2.52%	2.97%	1.32%
5 Years (p.a.)	1.54%	1.80%	1.12%
3 Years (p.a.)	1.94%	2.07%	0.86%
1 year	1.25%	1.31%	2.47%
6 Months	1.96%	1.96%	1.62%
3 Months	0.88%	0.88%	0.86%
1 Month	0.00%	0.00%	0.31%

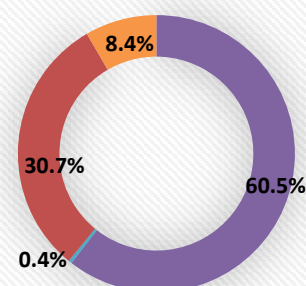
* Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are 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
Australian Unity	Financial Institution	ASX Listed Notes

Feature	Fund Facts
Portfolio Manager	Matthew Lemke
Investment Objective	To provide regular income with low risk of capital loss in the medium term (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 a reasonable margin over the 90-day BBSW rate. The return will vary over time depending on the market and economic outlook.
Target Market	The Fund is designed for investors seeking a regular return above the 90-day BBSW rate from a diverse portfolio of investments with an emphasis on capital preservation.
Benchmark	90-day BBSW rate (this benchmark rate was previously the Reserve Bank of Australia's cash rate. The benchmark rate was changed in December 2020 to better reflect the Fund's objectives).
Inception Date	3 June 2014
Interest Rate Reset Duration	Approx. 0.3-0.4 years
Distributions	Quarterly
Suggested Investment Period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% ¹ p.a.
Issue price	\$0.9871
Withdrawal Price	\$0.9867
Distribution (31/03/23)	\$0.0025

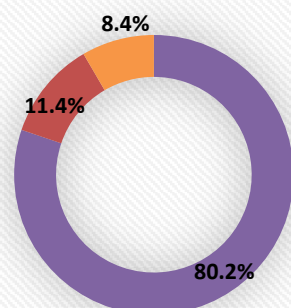
¹ Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC

Holdings by Sector



■ Banks
■ Non Financial Institution
■ Other Financial Institution
■ Cash

Holdings by Category



■ Unlisted Wholesale Securities
■ ASX Listed Bonds
■ Cash

Fund review and strategy

The Fund performed well over the quarter to 31 March achieving an overall return of 0.88% after-fees which is slightly above its Benchmark return. This return was achieved notwithstanding the significant market volatility in March following the collapse of Silicon Valley Bank, and the difficulties experienced by Credit Suisse prior to its merger with UBS.

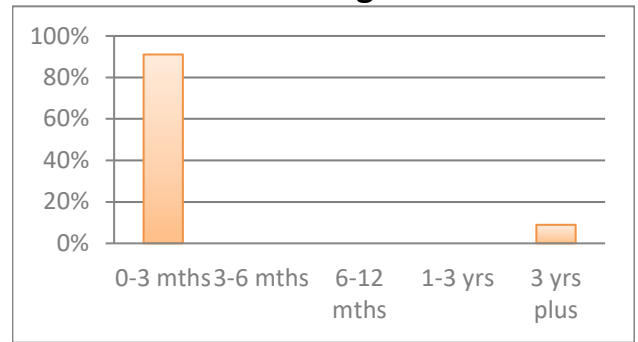
In early April, the Fund paid its normal quarterly distribution of 0.25 cents/unit. During the quarter, it was pleasing to see the unit price make gains. Of course, past performance is not a reliable indicator of future performance.

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 Enhanced Income Fund. Silicon Valley Bank was a bank based in California and focused on the venture capital, start-up technology sector in the US. Credit Suisse is based in Switzerland albeit with significant offshore operations. The Enhanced 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. The decision by the RBA on 4 April to not hike the cash rate is also positive. The 3.5% of rate hikes since May 2022 were beginning to put pressure on certain sectors of the Australian economy although there is considerable offset due to Australia's very strong Terms of Trade balance (Australia's net exports over imports). We expect the Terms of Trade to remain favourable 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. Fortunately, a significant part of the Fund's portfolio is invested in major bank senior securities (the four major banks in Australia are rated "AA-" which is just one notch below "AAA") giving us a strong defensive position against any further market volatility. 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 and practices of the Australian banks, and the depth of supervision of the Australian banking sector by the Australian Prudential Financial Authority (APRA).

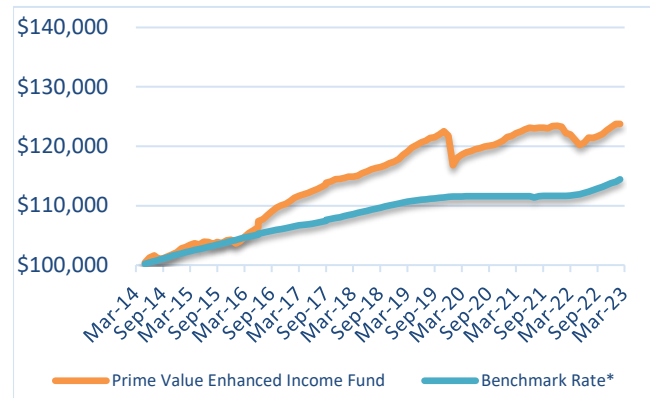
We welcome any questions or comments you may have on the market or the Fund and encourage you in this regard to organise a call with the Portfolio Manager, Matthew Lemke, or Prime Value CEO, Yak Yong Quek.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.3-0.4 years. The majority of securities in the Fund's portfolio have interest rates that reset every quarter, and therefore benefit from interest rate increases, unlike fixed rate investments.

Fund Performance



This graph shows how \$100,000 invested at the Fund's inception has increased to \$123,760 (net of fees). This compares with the return of the benchmark rate, where a \$100,000 investment would have increased to \$114,430 over the same period.

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

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