

Prime Value Emerging Opportunities Fund Update – July 2023

- Global share markets rose in July, buoyed by optimism that the interest rate tightening cycle is close to the peak.
- The fund's return was +2.9% for the month of July, 0.6% below the Small Ordinaries Accumulation Index return of 3.5%. This continued the strong performance of the index, which has now recovered 40% of the fall from December 2021 to September 2022.
- With few investors expecting such strong equity markets amid continued economic uncertainty, and short-term returns being difficult to predict, we subscribe to the old adage that "it's not about timing the market, but about time in the market".

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	11.8%	8.0%	3.8%
7 Years (p.a.)	10.1%	8.0%	2.1%
5 Years (p.a.)	11.5%	8.0%	3.5%
3 Years (p.a.)	11.4%	8.0%	3.4%
1 Year	8.1%	8.0%	0.1%
3 Months	6.3%	2.0%	4.3%
1 Month	2.9%	0.7%	2.2%

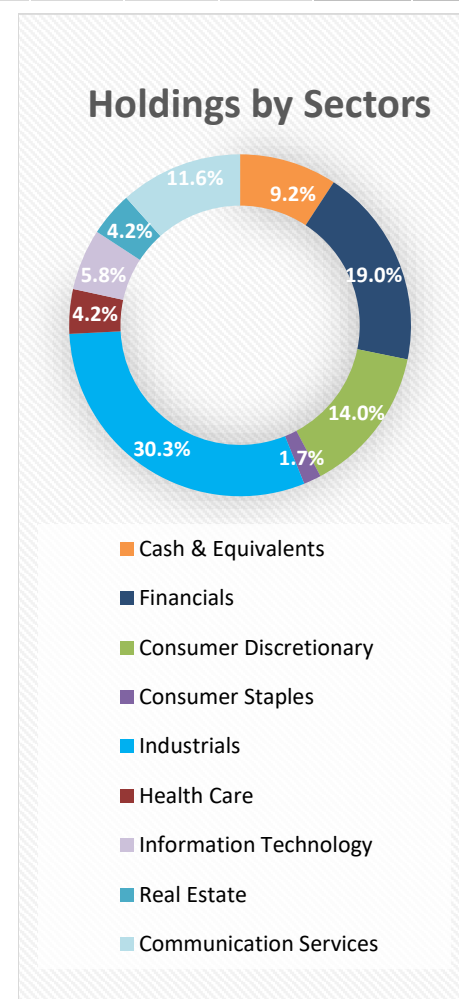
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2016				2.5%	6.3%	0.7%	(0.2%)	(3.9%)	2.4%	3.3%	2.4%	(0.2%)	13.8%	13.8%
FY 2017	7.4%	2.5%	1.6%	(0.3%)	(6.0%)	(2.0%)	1.1%	(1.6%)	1.8%	(1.8%)	(1.2%)	2.5%	3.4%	17.6%
FY 2018	1.3%	1.8%	2.3%	2.7%	1.5%	3.9%	(0.8%)	0.6%	(2.2%)	(0.5%)	3.9%	3.4%	19.0%	40.0%
FY 2019	(0.8%)	2.9%	2.1%	(4.8%)	(2.0%)	(5.8%)	1.5%	5.8%	1.9%	2.7%	(1.0%)	(0.6%)	1.2%	41.7%
FY 2020	5.3%	2.0%	1.5%	4.5%	4.2%	0.5%	1.9%	(5.8%)	(19.1%)	12.7%	11.6%	1.4%	18.1%	67.3%
FY 2021	3.6%	6.0%	0.2%	0.7%	9.0%	3.2%	0.7%	0.6%	1.4%	7.0%	0.6%	3.1%	42.0%	137.6%
FY 2022	0.6%	5.3%	(0.3%)	(1.4%)	(0.4%)	1.8%	(7.3%)	(1.5%)	2.6%	(0.7%)	(5.0%)	(7.8)%	(13.9%)	104.6%
FY 2023	8.1%	2.2%	(8.9%)	4.7%	0.2%	(1.7%)	3.2%	0.2%	(0.8%)	3.4%	0.4%	2.9%	13.7%	132.6%
FY 2024	2.9%												2.9%	139.3%

Top five holdings (alphabetical order)	Sector
AUB Group	Financials
EQT Holdings	Financials
IPH Limited	Industrials
Kelsian Group	Industrials
News Corporation	Communication Services

* The top five holdings make up approximately 22.7% of the portfolio

Feature	Fund facts
Portfolio Manager	Richard Ivers & Mike Younger
Investment objective	Achieve superior total returns by providing medium to long term capital growth by investing in smaller capitalisation companies.
Benchmark	8% p.a.
Inception date	8 October 2015
Typical number of stocks	25-50
Cash	0 - 100%
Unlisted Exposure	0 – 20%
International Exposure	0 – 20%
Distributions	Half-yearly
Suggested Investment Period	3 + years
Research Ratings	Zenith – Recommended Lonsec – Recommended



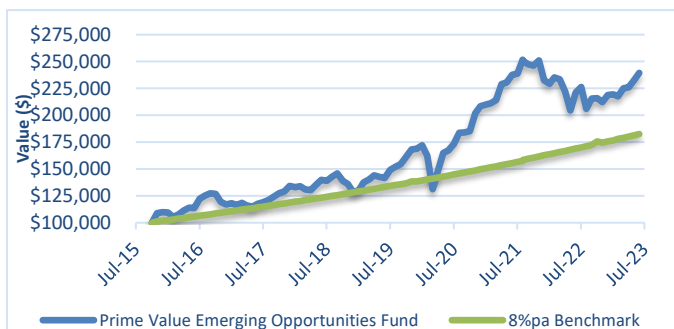
Market review

The MSCI Developed Markets Index rose (+2.9%) over July, while the S&P 500 Index also gained momentum (+3.2%) in local currency terms in a rebounding month for equities. The gains followed softer-than-expected inflation data in the US and Australia, which reduced the risk of further rate hikes.

Australian 10-year bonds sold off 3bps across July to 4.05%, remaining relatively unchanged after the RBA paused rate hikes at 4.10% in the July 2023 meeting. US 10-year bonds also sold off, moving 14bps from 3.81% to 3.95%, on the continuation of the US Federal Reserve's hawkish tone, raising rates once again by 0.25% to 5.5%. Broadly, macro indicators continued to be mixed leading to conflicting conclusions on the outlook for inflation and interest rates.

Commodity prices rose across the board over July. Brent Oil rose by US\$10.09 to US\$84.99/bbl, trading on tighter market fundamentals and improved US macroeconomic data. Iron Ore prices rose by US\$1.00 to US\$114.50/Mt on Chinese steel demand and iron ore supply rising seasonally. Gold prices held steady despite dollar fluctuations and uncertainty in interest rates, rising by US\$42.00 to US\$1,954.

The ASX300 Accumulation Index rallied off mid-month (reached on July 10) lows to close +2.9% higher in July. Except for the Staples and Health Care sectors, all sectors participated in the rally. Energy and Financials were the top two performing sectors for the month, adding the most value to the broader market total returns, with the latter contributing 135bp, largely through Banks' outperformance. Mid-caps stocks were preferred over small and large for month, led by the Industrials sector. With inflation slowing without any rise in unemployment (so far), investors are more hopeful of a soft economic landing and this supported the outperformance of the cyclical part of the market.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$239,300 (net of fees). This compares with the return of the benchmark, where a \$100,000 investment would have increased to \$182,500 over the same period. The returns exclude the benefits of imputation credits.

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.

	Direct Investment
APIR Code	PVA0013AU
Minimum Investment	\$20,000
Issue price	\$1.9731
Withdrawal price	\$1.9573
Distribution (30/06/2023)	\$0.0258
Indirect Cost Ratio (ICR)	1.25%*
Performance fee	20%**p.a.

* Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC **Of performance (net of management fees) above the agreed benchmark, subject to positive performance

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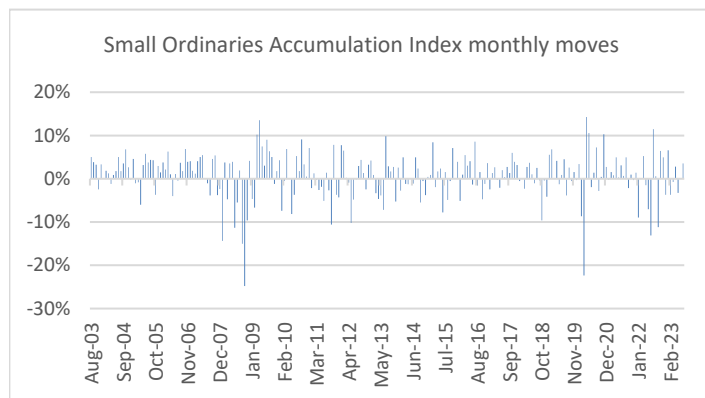
Fund review & strategy

The fund returned +2.9% in July, -0.6% below the Small Ordinaries Accumulation Index return of +3.5%. Key fund contributors over the month were **Lindsay Australia** (LAU +18.4%), **SG Fleet** (SGF +13.9%) and **Credit Corp** (CCP +19.2%). Key detractors were **Kelsian** (KLS -4.5%), **Austal** (ASB -7.2%), and **AUB Group** (AUB -2.4%).

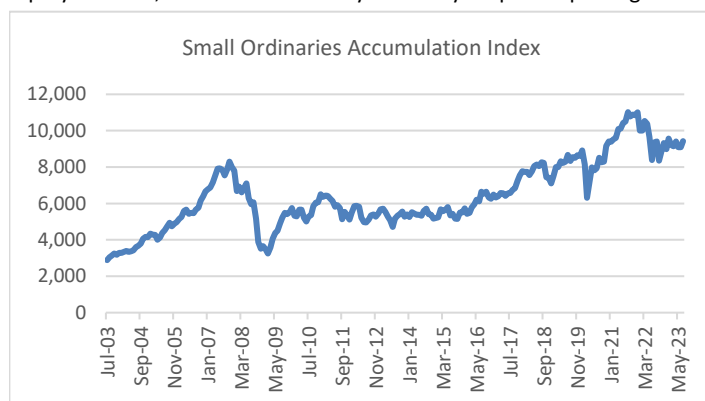
July continued the strong recovery in the Small Ordinaries Accumulation Index which has risen 12.8% from September 2022 lows, reflecting a recovery of 40% of the fall from peak levels in December 2021.

As we mentioned last month, very few investors expected such strong market returns highlighting that short term returns are hard to predict and long-term investing is best.

We highlight this via a couple of twenty-year charts, the first of which shows the monthly returns of the Small Ordinaries Accumulation Index since July 2003, which appears relatively volatile and lacking direction.



However, zooming out and viewing the same data in the form of the index's performance paints a clearer picture of the long-term growth of equity markets, which are ultimately driven by corporate profit growth.



And so just as we do not profess to be able to predict the direction of equity markets in the short-term, we do subscribe to the old adage that "it's not about timing the market, but about time in the market".

Top Contributors (Absolute)	Sector
Lindsay Australia	Industrials
SG Fleet	Industrials
Credit Corp	Financials
Top Detractors (Absolute)	Sector
Kelsian	Industrials
Austal	Industrials
AUB Group	Financials
Platforms	
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama, AMP North	

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