Prime Value Diversified High Income Fund
Monthly Update – September 2023

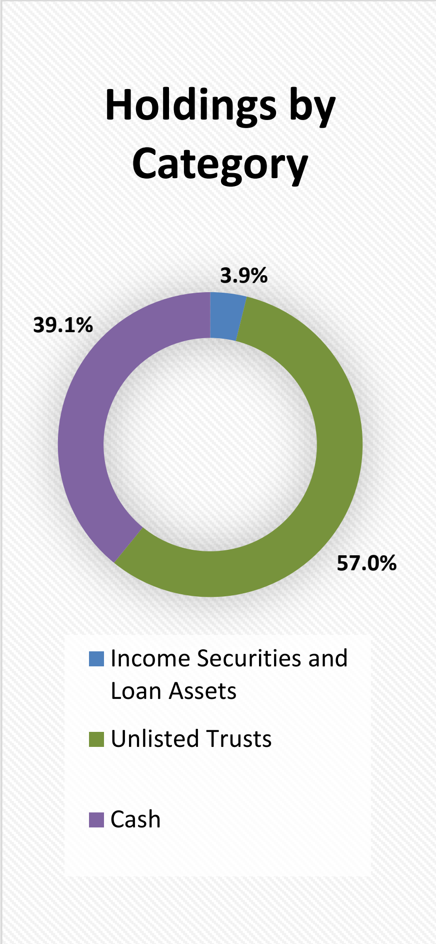
- The Fund performed well in September with a 0.54% return after-fees. The return for the last 2 years was 6.69% p.a. after-fees, and 6.52% p.a. after-fees for the last 3 years, both returns being above the Benchmark returns for the Fund.
- In early October, the Fund paid to investors a distribution of $0.53 cents per unit for the month of September. This distribution is the 5th distribution in a row at the higher distribution rate, equivalent to an annual rate of 6.55% (assuming all distributions are reinvested).
- Markets believe the tightening cycle in Australia and in many western developed countries is over, or close to that. This is positive for the Australian economy and supporting the markets in Australia. Nonetheless, we are staying very alert to market and economic developments. We expect the Fund to continue to perform well and meet its key objectives of preserving investor capital and ongoing monthly distributions.

	Net Return*	Benchmark Return (RBA Cash Rate +4% p.a.)
Since inception (p.a.)	**5.90%**	5.14%
3 years (p.a.)	**6.52%**	5.37%
2 Years (p.a.)	**6.69%**	6.00%
1 Year	**6.11%**	7.47%
6 Months	**3.01%**	3.89%
3 Months	**1.42%**	1.96%
1 Month	**0.54%**	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
Responsible Entity	Prime Value Asset Management Ltd (ABN 23 080 376 110; AFSL 222 055)
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% p.a.
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 generally 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% per annum[1]
Performance Fee	15%[1] of net performance above the RBA Cash Rate + 4% p.a.
Issue price	$1.0203
Withdrawal Price	$1.0203
Distribution (30/09/2023)	$0.0053

[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. The indirect costs as at 30 June 2023 will be updated when the information is to hand.



Fund review and strategy

The Fund performed well in September with a 0.54% return after-fees. The return for the last 2 years was 6.69% p.a. after-fees, and 6.52% p.a. after-fees for the last 3 years, both returns being above the Benchmark returns for the Fund. Of course, past performance is not a reliable indicator of future performance.

In early October, the Fund paid to investors a distribution of $0.53 cents per unit for the month of September. This distribution is the 5th distribution in a row at the higher distribution rate, equivalent to an annual rate of 6.55% (assuming all distributions are reinvested).

The Fund has a diverse range of income-producing assets, including mortgages, unlisted property, 'alternative' assets, income securities and loan assets. The major risk affecting the Fund's performance would be a material deterioration in the Australian economy.

When the hikes started last year, the official cash rates in Australia and many other countries were reduced to their lowest-ever as a direct policy response to COVID-19. With the spike in inflation, central banks in major western developed countries then proceeded, from around the beginning of last year, to hike their official cash rates aggressively, delivering between 10-14 rate hikes in increments of between 0.25%-0.50%, with the rate hikes in each country amounting in aggregate to between 4.0%-5.5%. Australia has been in step with other central banks, although in hiking the cash rate by only 4% the RBA was at the lower-end of the rate hikes delivered.

The market now believes that the major western developed countries are at, or close to, the end of their tightening cycles. In Australia, the RBA has not hiked rates since June. The rate pause in Australia and globally is positive for the Australian economy and supporting its equity, property, fixed income and other markets.

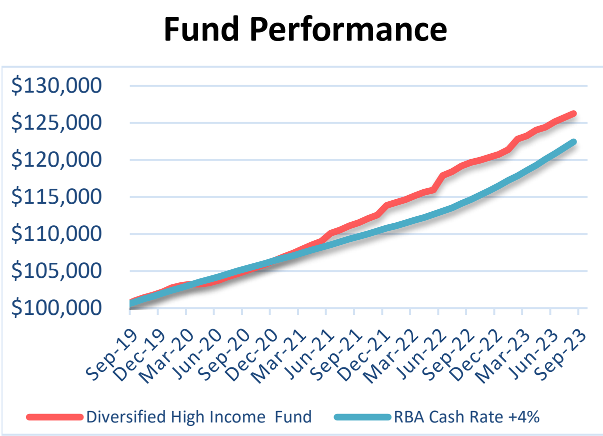
As expected, the RBA has left the door open to further rate hikes should inflation stay high and so the market is closely watching ongoing economic data releases, particularly the inflation, employment, trade and GDP data. The weakening of the A$ to around US$0.6350 (raising imported goods prices) and the continuing strength of crude oil prices (raising petrol and fuel prices) are factors to be taken into consideration. In the last few days bond yields have risen with the market now giving some degree of probability to further rates hikes, or at the least, rates to stay 'higher for longer'.

Unless the September quarter CPI to be released late-October is unexpectedly high causing the RBA to revise its current forecast for underlying inflation to move back to its 2-3% policy band by end-2024, it is very likely the RBA will not hike rates at least for the remainder of 2023. Contributing to this view are several factors: the economic slowdown in China, the new RBA Governor only having started in mid-September, the rate-setting committee to operate alongside the RBA in monetary policy still being set up, and the changes occurring at the Productivity Commission to raise Australia's productivity to reduce inflation.

Aside from the pause in rate hikes globally and by the RBA, markets In Australia are also being supported by Australia's continuing strong Terms of Trade, and the unexpectedly strong Federal Budget surplus of $22.1 billion (0.9% of GDP) in 2022 -2023.

These factors in general are all positive for the Fund. A key objective in our management of the Fund is to ensure that the Fund's portfolio is diverse, comprising a wide range of quality, income-producing assets so that it is resilient to any weakening of the Australian economy, any renewed market volatility, or further rate hikes should that unexpectedly occur. We expect the Fund to continue to perform well and meet its key objectives of preserving investor capital and ongoing monthly distributions.

If you have any questions, please do not hesitate to arrange a call with Matthew Lemke, the Fund Manager or Prime Value's CEO, Yak Yong Quek.



This graph shows how $100,000 invested at the Fund's inception has increased to $126,960 (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 $123,220 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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