Prime Value Diversified High Income Fund
Monthly Update – October 2023

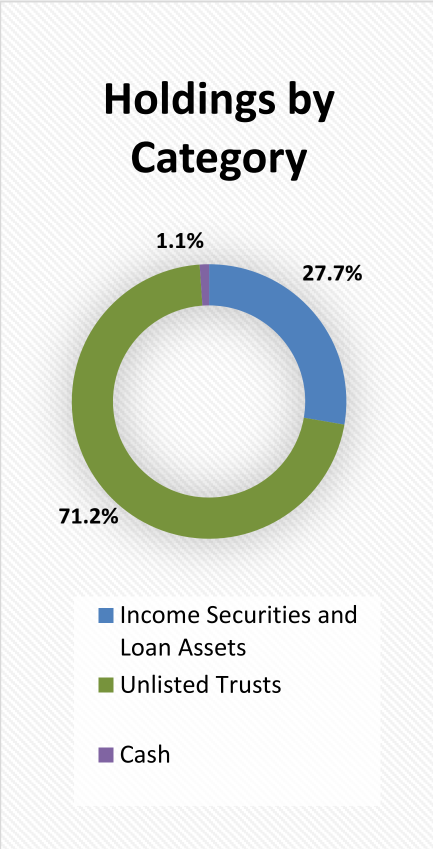
- The Fund performed reasonably well in October with a 0.38% return after-fees. The return for the last 2 years was 6.63% p.a. after-fees, and 6.52% p.a. after-fees for the last 3 years, both these returns being above the Benchmark returns for the Fund.
- In early November, the Fund paid to investors a distribution of $0.53 cents per unit for the month of October, being equivalent to an annual rate of 6.55% (assuming all distributions are reinvested).
- As expected by the market after the strong September quarter CPI data, on Tuesday 7 November the RBA hiked the cash rate by 0.25% to 4.35%. The Hamas/Israel conflict created a degree of volatility in markets, particularly crude oil prices. The Fund was not impacted by these events. However, we are staying alert to market, economic and geo-political developments. We expect the Fund to continue to perform well and meet its key objectives of preserving investor capital and meeting ongoing monthly distributions.

	Net Return*	Benchmark Return (RBA Cash Rate +4% p.a.)
Since inception (p.a.)	**5.87%**	5.20%
3 years (p.a.)	**6.52%**	5.48%
2 Years (p.a.)	**6.63%**	5.52%
1 Year	**6.22%**	7.64%
6 Months	**2.75%**	4.02%
3 Months	**1.38%**	1.98%
1 Month	**0.38%**	0.69%

* 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 monthly 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	$1.0189
Withdrawal Price	$1.0189
Distribution (31/10/2023)	$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 reasonably well in October with a 0.38% return after-fees. The return for the last 2 years was 6.63% p.a. after-fees, and 6.52% p.a. after-fees for the last 3 years, both these returns being above the Benchmark returns for the Fund. Of course, past performance is not a reliable indicator of future performance.

In early November, the Fund paid to investors a distribution of $0.53 cents per unit for the month of October, which is 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 which could potentially affect the Fund's performance would be a material deterioration in the Australian economy. This is not expected by the market or the RBA.

The major economic event in Australia in October was the release of the September quarter CPI data which showed a further decline in annual inflation from 7% in the March quarter, to 6% in the June quarter, to 5.4% in the September quarter. However, the CPI for the September quarter was 1.2%, higher than the 0.8% for the June quarter. In addition, Michele Bullock the new RBA Governor, was quite vocal about the need for further rate hikes if inflation did not look like coming down to the RBA's inflation target of 2-3% in a 'reasonable timeframe'.

As a result of the CPI data, and with unemployment still low at 3.7%, on Tuesday 7 November the RBA hiked the cash rate by 0.25% to 4.35%. In its post-meeting statement, the RBA 'left the door open' to further rate hikes.

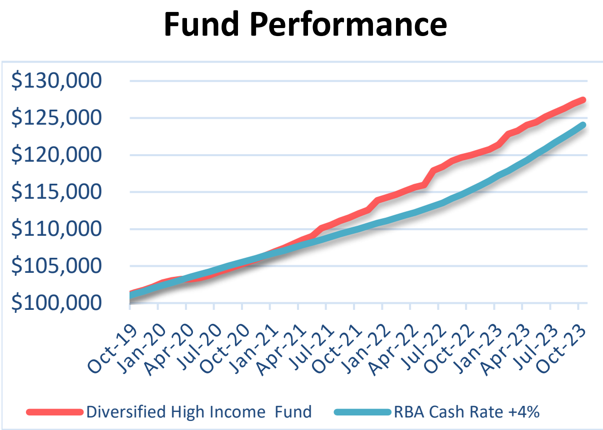
The RBA last hiked the cash rate in May 2023, before which it had delivered 4% of rate hikes since May 2022. The bond market, in particular, was volatile following Michele Bullock's comments and the release of the CPI data as the market was expecting the rate pause to continue. However, by the time the RBA met on 7 November, the market was fully expecting the rate hike.

The other factor that had some degree of influence on markets in October was the Hamas/Israel conflict, which began on 7 October. This caused some volatility in global markets, particularly crude oil prices – with economists expecting some potential flow-on effects to petrol/fuel prices and inflation in Australia. The conflict, with signs it will be drawn out and the potential for it to escalate, led some investors to re-weight their portfolios away from more risky assets. This created a higher level of overall volatility in markets globally and in Australia. However, markets are operating efficiently and there are no signs that markets are entering any sort of 'crisis' mode.

We expect some degree of heightened volatility in markets to continue as the inflation and interest rate picture, the Hamas/Israel conflict, and China's economic situation move through various phases and developments. The US is also going through a 're-think' of the likelihood of further rate hikes by the Federal Reserve after economic data has shown the US economy to be more resilient than expected, and inflation is still above the Fed's inflation target. Nonetheless, the Fed met on 1 November and decided to continue their rate pause, leaving the Fed Funds target rate in the range of 5.25%-5.50%.

The above factors did not have any significant impact on the Fund. We are however alert to market, economic and geo-political developments. A key objective in our management of the Fund is to ensure it is resilient to any weakening of the Australian economy, market volatility, further rate hikes or geo-political events, by diversifying the investments across a broad range of quality, income-producing assets. 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 through your Investor Relations contact with the Fund Manager, Matthew Lemke, or Prime Value's CEO, Yak Yong Quek.



This graph shows how $100,000 invested at the Fund's inception has increased to $127,450 (net of fees). This compares with the Fund's benchmark return of the RBA cash rate + 4% p.a., where a $100,000 investment would have increased to $124,070 over the same period.

Performance figures have been calculated in accordance with the 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 managements fees.

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