Prime Value Diversified High Income Fund Monthly Update – December 2023

- The Fund performed well in the 2023 year just ended with a 5.27% return after-fees. For the past 2 years the return was 5.69% p.a. after-fees, and 6.11% p.a. after-fees for the past 3 years.
- In early January 2024 we will pay to investors a distribution of $0.53 cents per unit for December, equivalent to an annual rate of 6.55% assuming all distributions are re-invested.
- Global markets and investor sentiment ended 2023 on a positive tone, and we expect this to continue into 2024. We expect the Fund to continue to perform well and meet its key objectives of capital preservation and monthly distributions.
- We thank our investors for their support over 2023 and wish them and their families a safe and happy holiday period, and healthy and prosperous 2024.

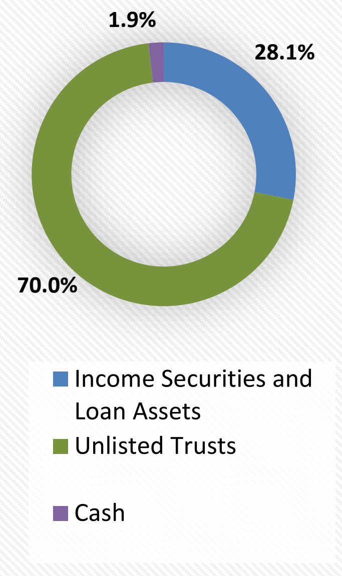
	Net Return*	Benchmark Return (RBA Cash Rate + 4% p.a.)
Since inception (p.a.)	**5.59%**	5.31%
3 years (p.a.)	**6.11%**	5.70%
2 Years (p.a.)	**5.69%**	6.51%
1 Year	**5.27%**	7.85%
6 Months	**1.58%**	3.99%
3 Months	**0.16%**	1.99%
1 Month	**-0.39%**	0.64%

* 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	$1.0061
Withdrawal Price	$1.0061
Distribution (31/12/2023)	$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.

Holdings by Category



Fund review and strategy

The focus of this Update is on the 2023 year just ended, and our strategic focus for the 2024 year ahead. The Fund's return after-fees in the 12 months to the end of December 2023 was 5.27%. For the past 2 years, the return after-fees was 5.69% p.a., and 6.11% p.a. after-fees for the past 3 years. Of course, past performance is not a reliable indicator of future performance. In early January, the Fund will pay to investors a distribution of $0.53 cents per unit for the month of December, being equivalent to an annual rate of 6.55% (assuming all distributions are re-invested).

In looking back on the year 2023, global markets, particularly equity, bond and property markets were volatile in the 1st half with bouts of difficult trading and market conditions as many central banks continued to hike interest rates. The rate hikes, which began in early-2022, were a direct response to the rise in inflation that began in late 2020, largely due to the fiscal and monetary stimulus introduced by many countries following the spread of COVID-19 in early 2020. The RBA tightening cycle was typical of other central banks, with the RBA hiking the cash rate by 4.20% from May 2022 to November 2023. By mid-2023, with inflation plateauing in many countries including Australia and beginning to fall, the market began to gain more confidence that the tightening cycle was nearing completion. By late-2023, that confidence had reached the point where the market was actively pricing in the end of the tightening cycle. Global equity, bond and property markets responded very positively, and so by the end of 2023, markets were enjoying reasonable gains for the year, low volatility levels, and positive investor sentiment.

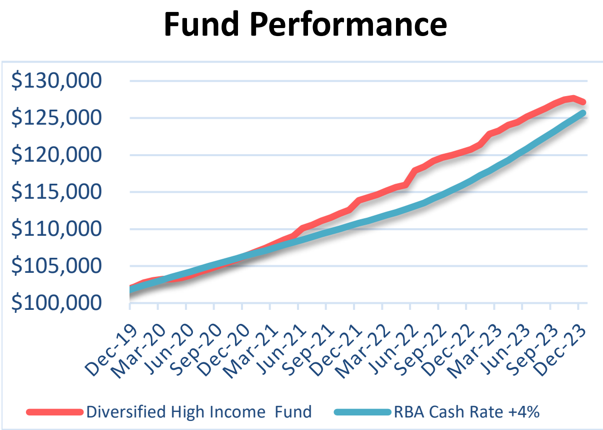
The year ahead looks positive for global markets and the Fund given the market expectation that the tightening cycle is over. The market view that the US Fed could begin an easing cycle in the 2nd quarter of 2024 is adding to the solid base of support for global equity, bond and property markets as 2024 begins. This in turn is positive for the Fund as it reduces the risk of any material fallout in the Australian economy, which is the principal risk faced by the Fund.

Whilst 2024 has begun with a very positive for global markets, we are watching market, economic and geopolitical developments closely. Our strategy through 2023 has been to invest the Fund's portfolio in a diverse range of quality, income-producing assets, including mortgages, unlisted property, 'alternative' assets, income securities and loan assets. This diversity of investment in quality assets has been the main reason for the Fund performing well through 2023 and since inception of the Fund in 2019. We will continue to manage the Fund's investment portfolio conservatively as our experience is that events can happen randomly in unexpected ways.

In terms of our focus in 2024, inflation will be the dominant economic variable, particularly whether it falls enough to avoid further rate hikes. We will be watching carefully for any statements and actions by the RBA and other central banks. In China, he economic stimulus measures appear to be preventing further deterioration in the Chinese property market, but we will be following events on this carefully. The Hamas-Israel conflict is unlikely to be resolved for some time and is quite likely to flare up from time to time causing potential volatility in crude oil prices and global markets. The Australian Federal election to be held between early August 2024 (subject to a double dissolution being called) and May 2025 (full-term) will no doubt begin to dominate headlines, as will the US presidential election to be held in November 2024. There may be possible market ramifications from these political events. We expect the Fund to continue to perform well and meet its key objectives of capital preservation and 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.

We thank our investors for their support over 2023 and wish them and their families a restful holiday period, and a healthy and prosperous 2024.



This graph shows how $100,000 invested at the Fund's inception has increased to $127,170 (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 $125,680 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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