Prime Value Emerging Opportunities Fund Update – December 2023

- Equity markets continued to trend upward driven by expectations of US interest rates being cut in 2024.
- The fund's return was +5.1% for December, 2.1% below the Small Ordinaries Accumulation Index (+7.2%) and 3.4% below the Small Industrials Accumulation Index (+8.5%). A distribution of 2.86c/unit (c. 1.5% yield) for the 6 months to December was paid in early January.
- For the 2023 year the fund returned +14.2%, 6.4% above the Small Ordinaries Accumulation Index (+7.8%) and 2.8% above the Small Industrials Accumulation Index (+11.4%).

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	11.3%	8.0%	3.3%
7 Years (p.a.)	11.0%	8.0%	3.0%
5 Years (p.a.)	13.6%	8.0%	5.6%
3 Years (p.a.)	5.2%	8.0%	-2.8%
1 Year	14.2%	8.0%	6.2%
3 Months	4.2%	2.0%	2.2%
1 Month	5.1%	0.7%	4.4%

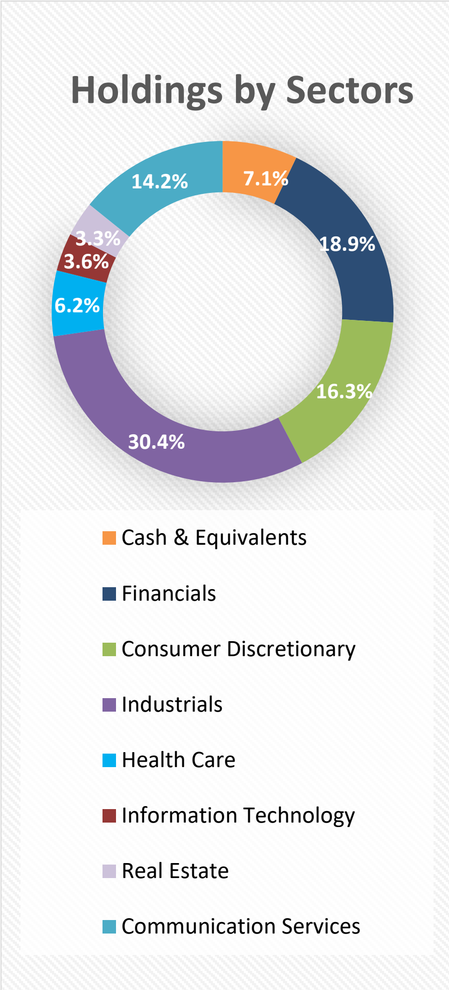
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Returns exclude the benefits of imputation credits. Past performance is not necessarily 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%	(1.2%)	(1.6%)	(6.2%)	5.7%	5.1%							**4.2%**	**142.4%**

Top five holdings (alphabetical order)	Sector
AUB Group	Financials
EQT Holdings	Financials
Kelsian Group	Industrials
News Corporation	Communication Services
Regis Healthcare	Health Care

* The top five holdings make up approximately 24.6% 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



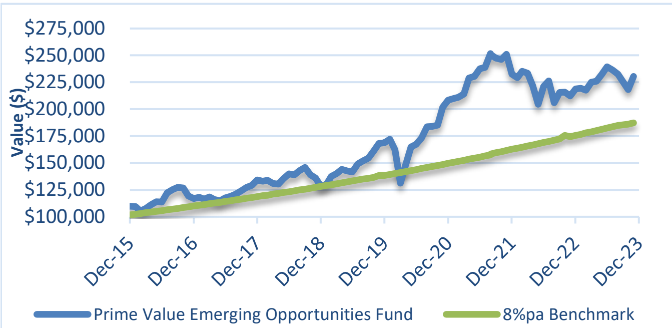
Market review

US stocks trended upward in December, driven by market optimism regarding potential US Federal Reserve interest rate cuts in 2024. The S&P500 Index closed the month +4.4%, just shy of a new record. The Dow Jones Index was +4.8% and the NASDAQ Index +5.5%. European equities also performed well in the month of December with the Stoxx600 Index +2.7% and the FTSE100 Index +3.7%. In Asia the MSCI Asia Pacific Index was +4.71%, although the Nikkei and Hang Seng indices closed flat, following a volatile trading month in which weak investor sentiment surrounding regional economic outlook were offset by positive US indicators.

The Australian dollar gained 3.1% in December, continuing its November rebound. A combination of a weakening US dollar and strong iron ore prices supported the Australian Dollar's strength.

Gold fell -0.4% to US$2,063.80/oz despite volatile moves across the month. Oil spent the first half of the month in the red, moving into positive territory for a short period of time before finishing lower. Brent finished - 2.3% to $77.04/bbl, while US WTI Crude closed the month -3.5% to $71.65/bbl. Despite OPEC+ announcing in late November they would be cutting oil production, prices continued to fall as traders doubted the group would follow through.

The ASX300 Accumulation Index surged +7.3% in December bringing returns for the 2023 year to +12.1%, including dividends. Real Estate was the best performer in December, with a return of +11.2%, benefiting from lower bond yields, reversing previously falls when bond yields rose. Healthcare (+9.1%) was the second best sector, supported by lower bond yields and reduced concerns around the impact of weight loss drugs (GLP-1's), which had added to the sector's underperformance in prior months. Insurance (-1.7%) was the worst performer in December and the only sector with a negative return. Insurance was also affected by volatile bond yields along with severe weather events on the east coast of Australia towards the end of the month.



This graph shows how $100,000 invested at the Fund's Inception has increased to $242,400 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $188,400 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	$1.9695
Withdrawal price	$1.9538
Distribution (31/12/2023)	$0.0286
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

December concluded 2023 with a bang that included strong market returns and multiple takeover bids including one in the fund (Probiotec). The prospect of lower interest rates in 2024 lit a fire under equities and created a catalyst for bids on attractively priced businesses. This followed a strong November for markets and highlights how quickly sentiment can rebound. We believe it is important to be invested through the cycle as timing markets is very challenging and missing these strong months can severely impact long term returns. Equity investing does come with volatility – this is the price for strong long term investment returns.

A feature of the fund is its lower volatility (18% below Small Ords, see table below) meaning that the "price" of equity investing is reduced whilst also delivering returns well above the market (6.7% p.a.). An attractive combination of lower risk and higher returns.

We continue to see a lot of value in the market with many very high quality businesses trading on valuation multiples well below our view of fair value and their long term average. Examples of large holdings in the fund include EQT Holdings on an FY25 PE of 15x, versus a long term average of c. 21x and AUB Group on 16x versus a long term average of c. 20x. Both companies are relatively defensive, have a strong earnings growth outlook and upside risk to consensus earnings estimates, in our view. There are many more examples like these.

The fund had a reasonable month in December returning +5.1%. While below the Small Ordinaries Accumulation Index return of +7.2%, we are not overly concerned as it was a month that featured high returns in the more speculative areas of the market which is not our focus.

For the 12 months of 2023 the fund returned +14.2%, 6.4% above the Small Ordinaries Accumulation Index and 2.8% above the Small Industrials Accumulation Index (table below). This was the 6th consecutive year the fund has outperformed both indices making it among the most consistent of its Australian peer group. Additionally, this has been a particularly volatile period that has tested investor styles and biases.

Yr to Dec, after fees	CY18	CY19	CY20	CY21	CY22	CY23	6 yr p.a	Risk
Em Opp Fund	**-1.3**	**31.8**	**23.4**	**20.3**	**-15.4**	**14.2**	**10.4**	**16.3**
Small Ords Accum	-8.6	21.4	9.2	16.9	-18.4	7.8	3.7	19.8
Relative	***7.3***	***10.4***	***14.2***	***3.4***	***3.0***	***6.4***	***6.7***	***-18%***
Small Industrials Accum	-5.7	24.5	5.9	13.7	-21.8	11.4	3.4	20.1
Relative	***4.4***	***7.3***	***17.5***	***6.6***	***6.4***	***2.8***	***7.0***	***-19%***

Note: CY18 is based on May - Dec (at least 1 current portfolio manager), the fund also outperformed both Small Ords and Small Industrials over the 12 mths of CY18.

As we start 2024 we are optimistic. Inflation is slowing, central banks are signalling interest rate rises are nearing an end and the portfolio holds attractively priced, high-quality businesses. Timing markets is challenging but we expect that long term future returns from this point will be strong.

Top Contributors (Absolute)	Sector
Regis Healthcare	Healthcare
Seven Group	Industrials
Credit Corp	Financials
Top Detractors (Absolute)	**Sector**
IPH	Industrials
Hansen	Information Technology
Omni Bridgeway	Financials

Platforms
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama, AMP North, Praemium

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