Prime Value Opportunities Fund
Fund Update – December 2023

- Equity markets continued to trend upward following last month's expectations of potential peak in US interest rates.
- The ASX300 Accumulation Index rose 7.3% in December buoyed by dovish central bank comments and a strong iron ore rally.
- The Fund rose 6.7% in December, gaining 8.3% and 11.6% for financial year to date 2024 and calendar year 2023 respectively.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	9.6%	8.0%	1.6%
10 Years (p.a.)	7.5%	8.0%	-0.5%
7 Years (p.a.)	7.3%	8.0%	-0.7%
5 Years (p.a.)	8.6%	8.0%	0.6%
3 Years (p.a.)	6.2%	8.0%	-1.8%
1 Year	11.6%	8.0%	3.6%
3 Months	8.2%	2.0%	6.2%
1 Month	6.7%	0.6%	6.1%

* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

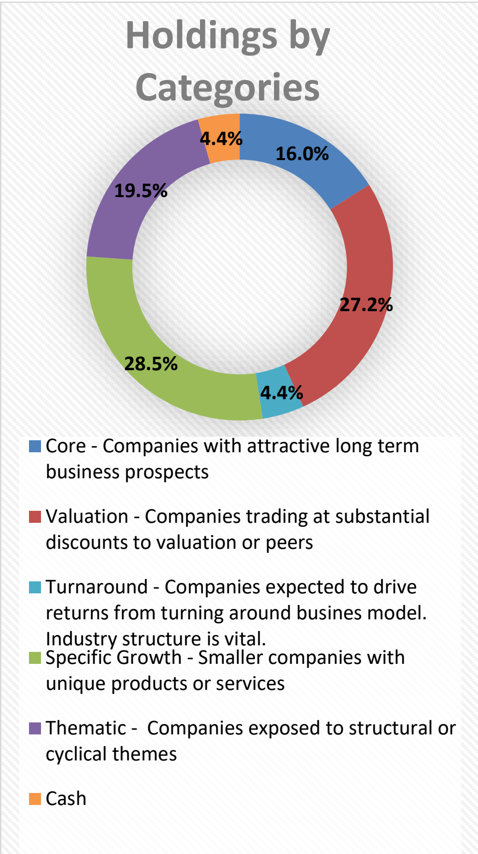
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**4.6%**	**44.9%**
FY 2016	5.3%	(3.7%)	0.1%	5.5%	1.7%	2.4%	(3.4%)	(1.9%)	3.6%	2.3%	4.4%	(1.8%)	**14.9%**	**66.5%**
FY 2017	6.5%	(1.7%)	(0.5%)	(4.9%)	(0.2%)	2.7%	(1.1%)	2.4%	2.1%	1.3%	(1.2%)	1.2%	**6.3%**	**77.0%**
FY 2018	(1.2%)	1.0%	0.4%	4.2%	1.6%	0.4%	(0.2%)	2.5%	(2.5%)	3.0%	2.1%	2.4%	**14.3%**	**102.4%**
FY 2019	1.7%	2.6%	(1.9%)	(8.2%)	(1.9%)	(1.8%)	3.2%	3.4%	0.2%	2.9%	0.3%	2.6%	**2.5%**	**107.5%**
FY 2020	2.9%	(2.3%)	0.2%	1.0%	3.0%	(2.0%)	4.9%	(5.8%)	(16.8%)	8.0%	5.4%	3.0%	**(1.1%)**	**105.2%**
FY 2021	1.6%	4.1%	(3.6%)	0.5%	7.9%	2.1%	(0.1%)	2.3%	1.5%	4.6%	1.3%	3.0%	**27.7%**	**162.0%**
FY 2022	0.9%	3.9%	-1.4%	0.3%	0.6%	1.9%	(7.3%)	(2.5%)	5.7%	-0.3%	-4.8%	-7.9%	**(11.2)%**	**132.6%**
FY 2023	6.5%	1.8%	-6.5%	4.8%	4.1%	-3.4%	5.5%	(1.3%)	(1.9%)	1.3%	(2.0%)	1.9%	**10.0%**	**155.8%**
FY2024	2.5%	0.4%	(2.8%)	(4.7%)	6.3%	6.7%							**8.3%**	**176.9%**

Top five holdings	Sector
BHP Group	Materials
CSL Limited	Health Care
Commonwealth Bank	Financials
National Australia Bank	Financials
AUB Group	Financials

The top five holdings make up approximately 37.7% of the portfolio

Feature	Fund facts
Portfolio Manager	ST Wong
Investment Objective	To achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark.
Benchmark	8.0% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure#	0 - 20%
Distributions	Half-yearly
Suggested Investment Period	3 + years
Research Rating	Zenith – Recommended Lonsec - Recommended

The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV regulations



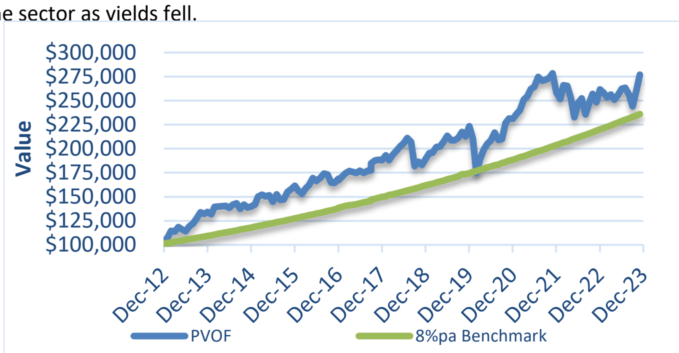
Market review

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

The Australian dollar gained 3.1% during 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 in December 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% lower at $77.04/bbl, while US WTI Crude closed the month - 3.5% lower at $71.65/bbl. Despite OPEC+ announcement in late November that they would be cutting oil production, prices continued to fall as traders doubted the group would follow through.

The ASX300 Accumulation Index surged in December, with the index rising 7.3% to lift the 2023 return to +12.1%, including dividends. Real Estate was the best performer in December, with a return of +11.2%, as REITs were sold off the most when bond yields were rising. The recent falls in US bond yields drove a relief rally over the last 2 months. Health care (+9.1%) was the second best sector performer, supported by lower bond yields and perhaps reduced concerns around the impact of GLP-1s, 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 defensive when bond yields rose, but there has been a rotation out of the sector as yields fell.



This graph shows how $100,000 invested at the Fund's Inception has increased to $276,900 (net of fees excluding performance fees). This compares very favourably with the return of the benchmark, where a $100,000 investment would have increased to $236,000 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

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	$20,000	N/A
Issue price	$ 1.7330	$ 1.7062
Withdrawal price	$ 1.7198	$ 1.6933
Distribution (31/12/2023)	$ 0.0450	$ 0.0443
Indirect Cost Ratio (ICR)*	0.95% p.a.	0.95% p.a.
Performance fee**	15%	15%

* 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 a high water mark

Fund review and strategy

The Fund rose 6.7% in December compared to the ASX300 Accumulation index's 7.3% increase. The Fund has gained 8.3% for financial year to date 2024 and 11.6% for calendar year 2023. The follow through equities recovery following expectations of easier monetary conditions has largely been within expectations—larger more liquid stocks tend to do well against such a backdrop and is reflected in the best contributors to fund performance in December. Best monthly contributors included CSL Limited (+9.3%), Commonwealth Bank (+6.8%) and BHP Limited (+8.9%). The largest detractors in December were QBE Insurance Group (-3.6%), IPH Limited (-6.1%) and IDP Education (-11.6%).

What worked well in 2023? Our focus has been on company specific characteristics, as opposed to significant themes. Consequently, companies across a range of industries drove fund performance through the year. We sought to invest in companies that could deliver robust earnings growth due to their market positions in sectors that have solid industry structures. In a rising inflation environment, these companies were able to price their products well to offset rising cost pressures. More importantly, management teams of these companies have taken advantage of appropriate opportunities to gain market positions, setting up their businesses for the longer term. Companies that shared these characteristics included James Hardie (+117%), Seven Group (+79%), REA Group (+68%). Similarly, businesses that experienced pressure across their revenues and earnings were key detractors in 2023 and included Omni Bridgeway Limited (-62.5%) and Amcor (-19.7%). Currently, Omni Bridgeway and Amcor are smaller weightings in the portfolio. As was in 2023, paying attention to a build-up of headwinds will be an important focus for us in 2024 as we try to minimise any disappointing investments.

Midway through 2023 we had opportunities to introduce several new investments for the Fund. These are high quality, economically resilient businesses with competitive advantages operating in solid industry structures. We believe companies such as Orica, Regis Healthcare and Propel Funerals have multi year growth opportunities ahead of them and were trading at reasonable valuations. For example, aged care provider Regis was valued at well below the replacement value of its homes whilst its land assets provided a strong asset backing to Regis's share price.

Outlook: Undoubtedly events in last quarter of 2023 carries some reasons for optimism. Profits are forecast to return to positive rates of growth in FY25, while the prospect of lower interest rates has the potential to unlock capital market activity. As highlighted above, we are vigilant to build ups of earnings headwinds but have on watch list companies that would benefit from increased demand and which haven't seen a recovery in valuations. A key lesson we learnt in 2023 is not to assume a single scenario would unfold in 2024—which is why the portfolio is well diversified by our choice of investments and risks. We own investments defined by the traditional growth and value sectors; but the Fund also differentiated by our holdings across large cap and small and mid-size companies to ensure we capture opportunities from a range of sources.

Top contributors (absolute)	Sector
BHP Group	Materials
CSL Limited	Healthcare
Commonwealth Bank	Financials

Top detractors (absolute)	Sector
QBE Insurance Group	Financials
IPH Limited	Industrials
IDP Education	Consumer Discretionary

Platforms
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Powerwrap

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