Prime Value Emerging Opportunities Fund Update (Class A) – January 2024

- Equity markets rose in January, buoyed by strong US economic data.
- The fund's return was +2.1% for January, which was 1.2% above the Small Ordinaries Accumulation Index (+0.9%) and 0.2% above the Small Industrials Accumulation Index (+1.9%). Industrials outperformed Resources, while we saw more trading updates leading into the reporting season than has been the case in recent years.
- With reporting season upon us, we suspect recent softness in the economy could make the forward-looking commentary more important than the actual results to 31 December. Over the next six weeks, we expect to participate in c250 meetings with management teams.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	11.5%	8.0%	3.5%
7 Years (p.a.)	11.1%	8.0%	3.1%
5 Years (p.a.)	13.7%	8.0%	5.7%
3 Years (p.a.)	5.6%	8.0%	(2.4%)
1 Year	13.0%	8.0%	5.0%
3 Months	13.4%	2.0%	11.4%
1 Month	2.1%	0.7%	1.4%

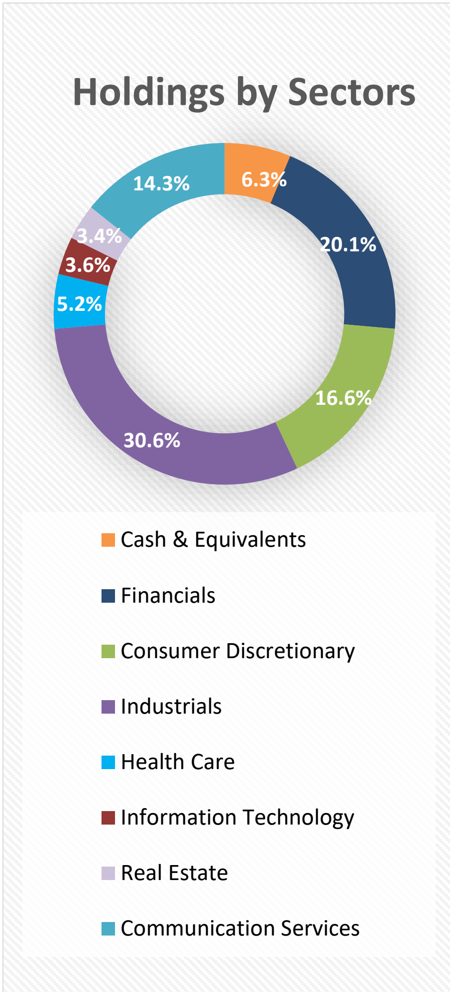
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Returns exclude the benefits of imputation credits. Past performance is not necessarily 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%	2.1%						**6.4%**	**147.5%**

Top five holdings (alphabetical order)	Sector
AUB Group	Financials
EQT Holdings	Financials
IPH Limited	Industrials
Kelsian Group	Industrials
News Corporation	Communication Services

* The top five holdings make up approximately 25.7% 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 - 20%
Unlisted Exposure	0 – 20%
International Exposure	0 – 20%
Distributions	Half-yearly
Suggested Investment Period	3 + years
Research Ratings	Zenith – Recommended Lonsec – Recommended

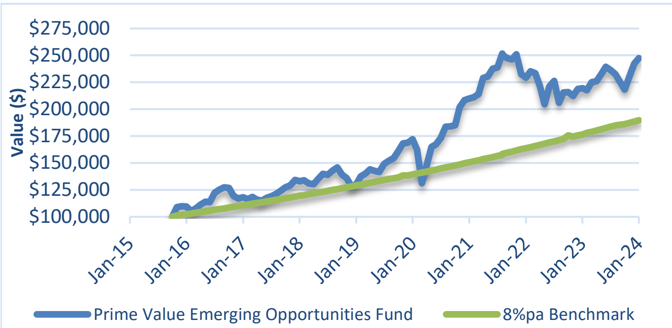


Market review

US stocks trended upwards in January, with all three key equity indices closing the month higher. The S&P500 Index increased +1.6%, the Dow Jones Index rose +1.2% and the NASDAQ gained +1.0%. European stocks started the year mixed. The Stoxx600 Index increased +1.4%, the DAX Index increased +0.9% and the FTSE100 Index fell -1.3%. Asian equities generally traded lower. The MSCI Asia Pacific index decreased -1.7%, the TWSE Index declined -0.2% and the CSI300 Index fell a large -6.3%. The Nikkei Index was the standout, increasing +8.4% over January.

Commodity prices were mixed. Brent Oil rose US$4.67 to US$81.71/bbl, as prices continued to be buoyed by conflict in the Middle East, while Iron Ore prices fell US$9.50 to US$133.00/Mt. Gold also slipped over the month, falling US$25.15 to US$2,053, reflecting the strong economic data out of the US. The Australian dollar fell -3.6%, reversing the gains from late December. An upside beat to core US CPI data, some hawkish commentary out of the US Federal Reserve and weak Chinese data put selling pressure on the Australian Dollar in mid-month.

Australian shares rose modestly in January, with the ASX300 Accumulation Index up +1.1%. The gains were driven by non-Resource stocks (+3% last month), which have rallied 17% in the last 3 months as investors became more hopeful the US Federal Reserve can lower interest rates without triggering a US recession. A late recovery in the market over the last week of January was led by the Real Estate, Health Care, Energy and Financials sectors, with the latter two sectors the top performers for the month. Metals & Mining (-5.7%) was the worst performing sector. Weak Chinese sentiment was a key driver, and we note MSCI China Index fell nearly 12% in January. Large caps performed better over small and mid-caps in January.



This graph shows how $100,000 invested at the Fund's Inception has increased to $247,500 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $189,700 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	$2.0107
Withdrawal price	$1.9947
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

The fund returned +2.1% in January, which was 1.2% above the Small Ordinaries Accumulation Index return of +0.9%, and 0.2% above the Small Industrials Accumulation Index return of +1.9%.

The month saw Resources underperform Industrials with commodity prices generally soft, and the collapse of Chinese property company, Evergrande, which raised questions over the extent to which China will look to stimulate its economy.

Within the Industrials space, performance was very much driven by a greater prevalence of pre-reporting season trading updates than we have seen in recent years, both positive (eg. MP1, SHV, JDO, DTL) and negative (eg. APX, APM, NAN), noting the negative updates were materially weak.

Key fund contributors were **AUB Group** (AUB +10.5%), **EQT Holdings** (EQT +8.0%) and **IPH** (IPH +6.9%). Key detractors were **NRW Holdings** (NWH -8.4%), **Lindsay Australia** (LAU -6.4%) and **Ooh!Media** (OML -3.3%).

AUB Group (AUB) shares continued to be buoyed by the strong premium rate environment as the Queensland floods continued the trend seen in recent years of these more frequent catastrophic events. The company remains one of the fund's largest holdings, with its 23% share price rise in 2023 largely matched by its earnings growth and, as such, we continue to view the stock as attractively priced with a solid medium-term growth outlook driven by a combination of resilient top-line revenue growth and further margin expansion.

EQT Holdings (EQT) rose on no new news, albeit we note that the stock traded relatively flat in 2023 (+2%) despite its strong medium-term earnings growth outlook. This is under-pinned by the full earnings impact of the AET acquisition, in addition to further synergies being extracted as the company manages an increasing amount of AET's Funds Under Supervision inhouse. Additionally, the closure of the company's UK/European business will further enhance earnings. Trading on a FY25 P/E of just 16x, we view the stock as materially undervalued, and it also features as one of the fund's largest holdings.

With the February Reporting Season upon us, we are preparing for one of our two Grand Finals of the year. While the economy has proven more resilient than most investors would have imagined from the beginning of 2023, recent weeks has shown some signs that the economy is starting to slow. The consumer, in particular, appears to have come off the boil, potentially reflecting the lagged impact of >400bps of interest rate increases over the last two years, and the unwind of the significant excess savings accumulated through the Covid period.

As such, the profit results for the six months to December could attract less focus than the forward-looking commentary provided by companies. Over the next 6 weeks, we expect to participate in around 250 meetings with management teams which will no doubt provide valuable insights for us to navigate the year ahead.

Top Contributors (Absolute)	Sector
AUB Group	Financials
EQT Holdings	Financials
IPH	Industrials
Top Detractors (Absolute)	**Sector**
NRW Holdings	Industrials
Lindsay Australia	Industrials
Ooh!Media	Commercial Services
Platforms	
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama, AMP North, Praemium	

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