Prime Value Enhanced Income Fund Monthly Update – January 2024

- The Fund performed well in January with a 0.33% return after-fees. For the past 12 months, the return was 3.83% after-fees (excluding franking credits) and 4.16% after-fees (including franking credits).
- In early January 2024, the Fund paid $0.01 per unit for the December quarter which was a large increase on previous quarters. A distribution of $0.01 per unit is equivalent to 4.06% after-fees on an annual basis (assuming all distributions are re-invested). Our aim is to also distribute $0.01 per unit for the March quarter provided interest rates in the market stay at current levels or fall only marginally.
- Global markets ended 2023, and have begun 2024, on a positive note. However, there are several market, economic and geopolitical risks that are unresolved and may potentially cause some market volatility. Hence, we will continue to manage the Fund conservatively to ensure it continues to perform well and meet its key objectives of capital preservation and quarterly distributions.

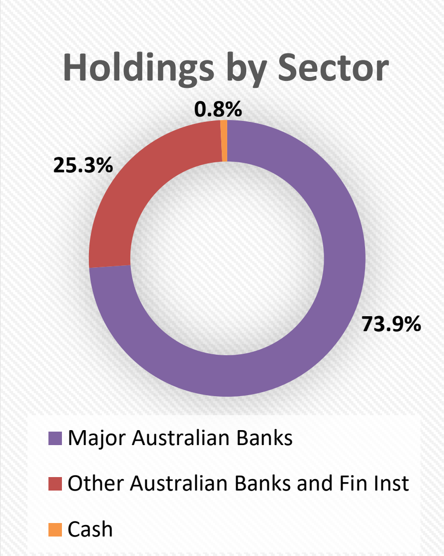
	Net Return*	Net Return including Franking Credits**	Benchmark Return - 90 Day Bank Bill Rate (BBSW)
Since inception (p.a.)	**2.58%**	**3.00%**	1.76%
5 Years (p.a.)	**1.78%**	**2.04%**	1.48%
3 Years (p.a.)	**1.90%**	**2.06%**	1.99%
1 year	**3.83%**	**4.16%**	4.07%
6 Months	**2.45%**	**2.61%**	2.12%
3 Months	**1.48%**	**1.63%**	1.08%
1 month	**0.33%**	**0.33%**	0.39%

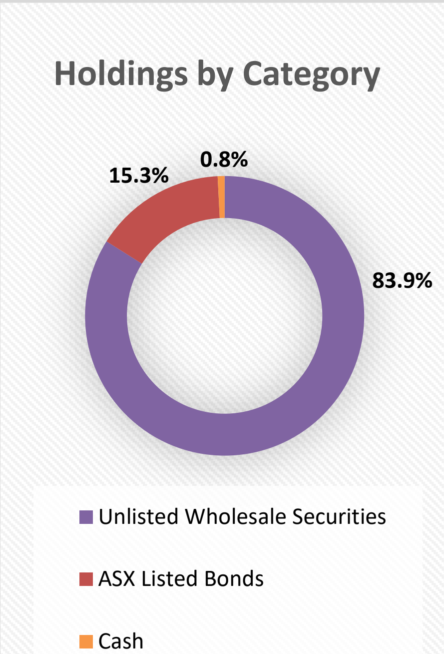
* Performance figures have been calculated in accordance with Financial Services Council (FSC) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are calculated after management fees. **Returns grossed up for Franking Credits are estimates.

Major Holdings	Sector	Category
NAB	Banks	Wholesale Notes
Westpac	Banks	Wholesale Notes
CBA	Banks	Wholesale Notes
ANZ	Banks	Wholesale Notes
Bendigo and Adelaide Bank	Banks	Wholesale Notes

Feature	Fund Facts
Portfolio Manager	Matthew Lemke
Responsible Entity	Prime Value Asset Management Ltd (ABN 23 080 376 110; AFSL 222 055)
Investment Objective	To provide regular income with low risk of capital loss in the medium term (the Fund's unit price will vary with market factors and other factors affecting the prices of securities in the investment portfolio). The Fund targets a return to investors of the benchmark. The return will vary over time depending on the market and economic outlook
Target Market	The Fund is for investors seeking a regular return above the 90-day BBSW rate from a diverse portfolio of investments with an emphasis on capital preservation.
Benchmark Return	90-day BBSW rate
Inception Date	3 June 2014
Interest Rate Reset Duration	Approx. 0.3 years
Distributions	Quarterly
Suggested Investment Period	1 + year
Minimum Investment	$50,000
Indirect Cost Ratio (ICR)	0.60% p.a.[1]
Issue price	$1.0054
Withdrawal Price	$1.0050
Distribution (31/12/2023)	$0.0100

[1]Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC





Fund review and strategy

The Fund performed well in January with a 0.33% return after-fees. For the past 12 months, the return was 3.83% after-fees (excluding franking credits) and 4.16% after-fees (including franking credits). Past performance is not a reliable indicator of future performance.

In early January 2024, the Fund paid a distribution of $0.01 per unit for the December quarter which was a large increase on the previous quarterly distributions of $0.25 cents per unit. A distribution of $0.01 per unit is equivalent to 4.06% after-fees on an annual basis (assuming all distributions are re-invested). Our aim is to also distribute $0.01 per unit for the March quarter provided interest rates in the market stay at current levels or fall only marginally.

Markets ended 2023, and have begun 2024, on a positive note on the expectation that the global tightening cycle is over and that global growth will continue to be resilient through 2024 and 2025 – the IMF in its World Economic Outlook report (released at the end of January 2024) forecast global growth to be 3.1% in 2024 and 3.2% in 2025. These expectations have created a solid base of support for global equity, bond and property markets which continued throughout January.

The principal risk facing the Fund is a significant slowdown in the Australian economy. The market expects a 'soft landing' for the Australian economy with a modest rise in unemployment as the 4.2% of rate hikes by the RBA are absorbed. A significant slowdown is not expected, especially after the CPI release on 31 January and the RBA again not hiking at its 6 February meeting. These events consolidated the market view that the tightening cycle is over. The CPI data showed inflation rose only 0.6% in the December 2023 quarter, far lower than the 1.2% rise in the September 2023 quarter and the smallest rise since the March 2021 quarter. On an annual basis, CPI rose 4.1% in the December 2023 quarter, again far lower than the 5.4% annual rise in the September 2023 quarter and appreciably less than the peak of 7.8% in the December 2022 quarter. In context, the decline in inflation in Australia is part of the broader trend to lower inflation – according to the IMF, inflation in advanced economies will fall to 2.6% in 2024.

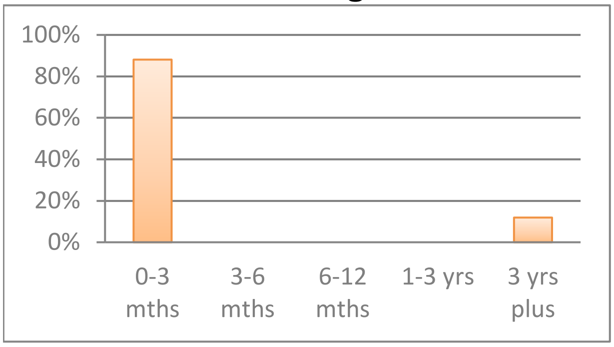
While markets have begun 2024 on a positive note, we are very conscious that markets in January can give false signals as to how they will fare through the rest of the year. We are also very conscious that the current support for global equity, bond and property markets is largely based on the market view that the tightening cycle around the world is over. Indeed, the US bond market is pricing a reasonable probability that the US Fed will shortly begin an easing cycle. Nonetheless, like the RBA in its public statement after it met on 6 February, the US Fed has consistently made its monetary policy dependent on inflation continuing to fall. If this does not occur, 'disappointment' may impact market sentiment causing some 'unwinding' of the current support for global equity, bond and property markets, and a degree of market volatility can be expected.

We are also very alert to two external factors that can potentially impact Australia: (i) the continuing slowdown in China despite the monetary and fiscal stimulus introduced by Chinese authorities in 2023. The view of the IMF in its World Economic Outlook report is that China will experience a soft landing. However, the IMF expressed specific concerns about the state of the property market in China; and (ii) the Hamas-Israel and Russia-Ukraine conflicts. Both conflicts have the potential to escalate and cause periodic spikes in the global commodity prices including crude oil prices and affect global economic growth.

Given the geopolitical, economic and market uncertainties mentioned above, we will continue our conservative strategy adopted throughout 2023 of investing the Fund's portfolio predominately in floating (variable) rate securities which benefit directly from higher interest rates, and 'AA-' rated securities issued by the major Australian banks and 'AAA' rated securities. These securities have very low credit risk and strong liquidity. This strategy proved successful in 2023 and is a major reason for the Fund's continued good performance. We expect the Fund to continue to perform well and meet its key objectives of capital preservation and quarterly distributions.

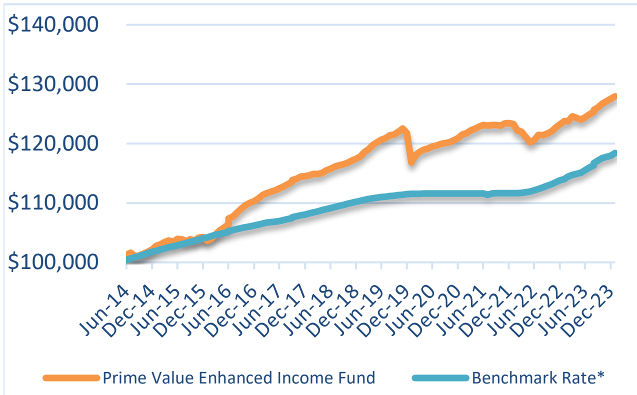
If you have any questions, please do not hesitate to arrange a call through your Investor Relations contact with the Fund Manager, Matthew Lemke, or Prime Value's CEO, Yak Yong Quek.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 3 months. The vast majority of securities in the Fund's portfolio have interest rates that reset every quarter, and therefore benefit from the higher interest rates in the market.

Fund Performance



This graph shows how $100,000 invested at the Fund's inception has increased to $127,950 (net of fees). This compares with the Fund's benchmark return, where a $100,000 investment would have increased to $118,410 over the same period.

*The Benchmark Return was calculated by reference to the RBA Official Cash Rate until December 2020 and thereafter by reference to the 90-day BBSW rate

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