

Prime Value Opportunities Fund

Fund Update – January 2024

- Equity markets had a buoyant start to 2024, with market leadership switching to cyclical stocks.
- The ASX300 Accumulation Index rose 1.1% in January led up by interest rate sensitive sectors, offset by a softer resources sector.
- The Fund rose 2.5% in January, gaining 11.0% for financial year to date 2024. Core holdings in healthcare companies continued to rebound.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	9.7%	8.0%	1.7%
10 Years (p.a.)	8.0%	8.0%	0.0%
7 Years (p.a.)	7.9%	8.0%	-0.1%
5 Years (p.a.)	8.5%	8.0%	0.5%
3 Years (p.a.)	7.1%	8.0%	-0.9%
1 Year	8.6%	8.0%	0.6%
3 Months	16.4%	2.0%	14.4%
1 Month	2.5%	0.6%	1.9%

* 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.

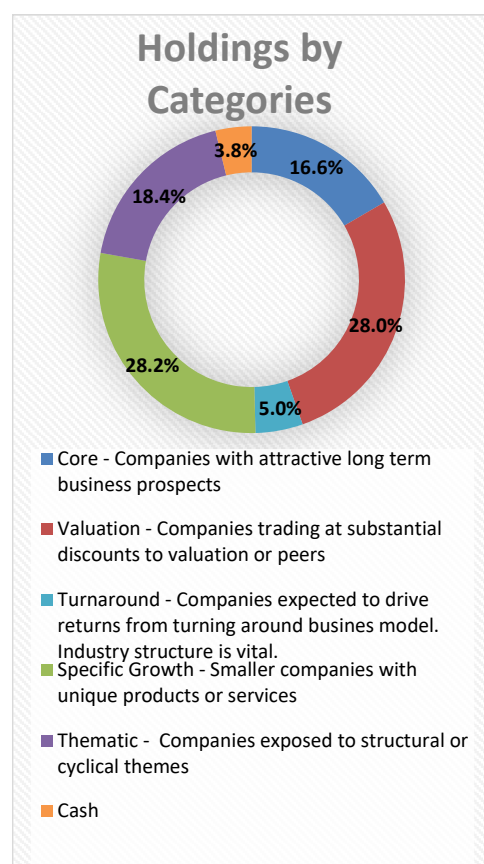
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%	2.5%						11.0%	184.0%

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

The top five holdings make up approximately 37.9% 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

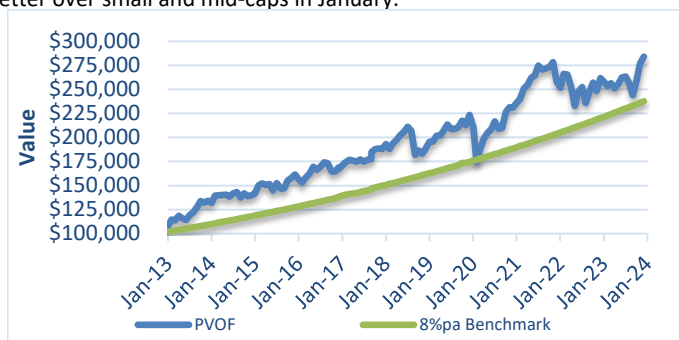


Market review

US stocks trended upwards in the first month of the year, with all three key equity indices closing the month higher. The S&P500 Index increased +1.59%, the Dow Jones Index rose +1.22% and the NASDAQ Index gained +1.02%. European stocks started the year mixed. The Stoxx600 Index increased +1.39%, the DAX Index increased +0.91% and the FTSE100 Index fell -1.33%. Asian equities generally traded lower over the first month of the year. The MSCI Asia Pacific index decreased -1.70%, the TWSE Index declined -0.23% and the CSI300 Index fell a large -6.28%. The Nikkei Index was the standout, increasing +8.43% over January.

Commodity prices were mixed in January. Brent Oil rose by 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 by US\$9.50 to US\$133.00/Mt. Gold also slipped over the month, falling by US\$25.15 to US\$2,053. Gold followed a downward trend over the first half of the month reflecting the strong economic data out of the US. The Australian dollar fell -3.58% during January, reversing the gains over the second half of 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 investor 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 within was led by Real Estate, Health Care, Energy and Financials sectors, with the latter two sectors the top performing sectors 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 \$284,000 (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 \$237,600 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 (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	\$20,000	N/A
Issue price	\$ 1.7771	\$ 1.7495
Withdrawal price	\$ 1.7637	\$ 1.7363
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

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Fund review and strategy

The Fund rose 2.5% in January compared to the ASX300 Accumulation index's 1.1% increase. The Fund has gained 11.0% for financial year to date 2024 and has continued to perform strongly, particularly in the past three months. Best monthly contributors included CSL Limited (+5.2%), Commonwealth Bank (+5.1%) and AUB Group (+10.5%). The largest detractors in January were BHP Limited (-6.2%), Mineral Resources (-14.4%) and Lindsay Australia (-7.9%).

Market sentiment was decidedly short term in January—investors were trying to balance views of a change in interest rate outlook in Australia and the US, pick stocks that were seen to be lagging the recent market rally but also sell down companies that were affected by near term business conditions. These included fund underperformers for the month such as Mineral Resources and Lindsay Australia. Mineral Resources, a long-term holding has been sold off due to the company's exposure to lithium assets. However, we believe that the valuation of Mineral Resources' substantial mining service business, current and emerging iron ore assets and the optionality surrounding its large undeveloped gas asset in the Perth Basin is sufficiently attractive compared to its share price. Put another way, even if Mineral Resources' lithium assets are valued at zero, the stock is undervalued.

Outlook: As is typical at the start of any new year, there are lots of predictions of what could transpire over the course of the next 12 months. 2024 started no differently, albeit somewhat more positive than a year ago as investor sentiment has been assuaged by a stronger than expected US economy but a weaker than expected Chinese economy. We have never been big on the macro. This year we continue to focus on companies: trying to get the companies we invest in right and trying to find companies that can do well regardless of the environment. We are very mindful of where we are investing and why we are investing – which key to finding opportunities across a range of companies across different sectors on reasonably attractive valuations.

The popular conception is that a low multiple equates to value. That is not always the case. A low multiple is obviously part of the equation. But it needs to be accompanied by factors such as opportunities for the company to grow or perhaps value or assets that the market has appeared to overlook. This approach had been critical to our decision to increase our investment in CSL in September last year—at a point where the company's PE multiple had declined to historical low just as CSL is poised to recover from its pandemic disruptions. We expect many more such opportunities this year.

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

Top detractors (absolute)	Sector
BHP Limited	Materials
Mineral Resources	Materials
Lindsay Australia	Industrials

Platforms	
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Powerwrap	
Contact details:	Mail:
Andrew Russell - Director, Investor Relations arussell@primevalue.com.au	Prime Value Asset Management Ltd Level 9, 34 Queen Street, Melbourne VIC 3000
Daniel Leong – Director, Investor Relations daniel.leong@primevalue.com.au	T: 03 9098 8088 E: info@primevalue.com.au W: primevalue.com.au