

Prime Value Opportunities Fund

Fund Update – February 2024

- Technology companies led global share markets higher through February, in what was another positive month for equity markets.
- The ASX300 Accumulation Index rose 1.0%, lagging its offshore peers. Resources and energy sectors were a drag on overall performance.
- The Fund rose 0.5% in February, gaining 11.6% for financial year to date 2024. Strong fund performance has continued into early 2024.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	9.7%	8.0%	1.7%
10 Years (p.a.)	7.4%	8.0%	-0.6%
7 Years (p.a.)	7.6%	8.0%	-0.4%
5 Years (p.a.)	7.9%	8.0%	-0.1%
3 Years (p.a.)	6.5%	8.0%	-1.5%
1 Year	10.6%	8.0%	2.6%
3 Months	10.1%	2.0%	8.1%
1 Month	0.5%	0.6%	-0.1%

* 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.

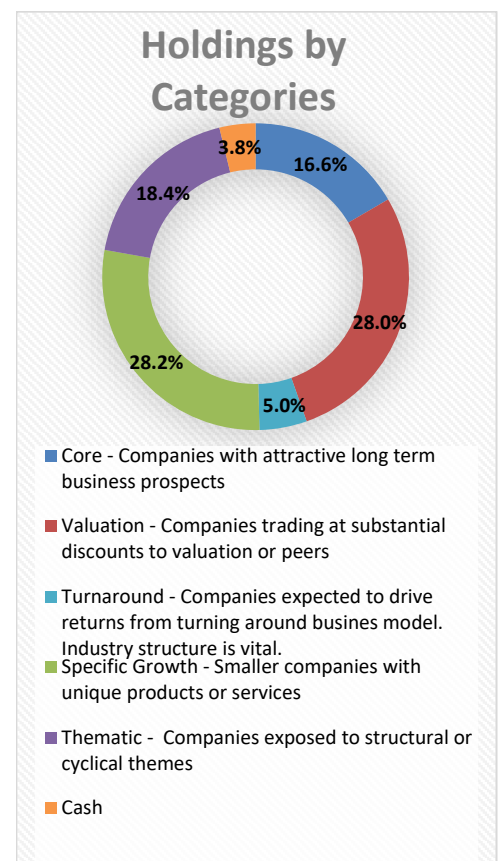
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%	2.5%	0.5%					11.6%	185.5%

Top five holdings	Sector
BHP Group	Materials
Commonwealth Bank	Financials
CSL Limited	Health Care
National Australia Bank	Financials
News Corporation	Communication Services

The top five holdings make up approximately 37.3% 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

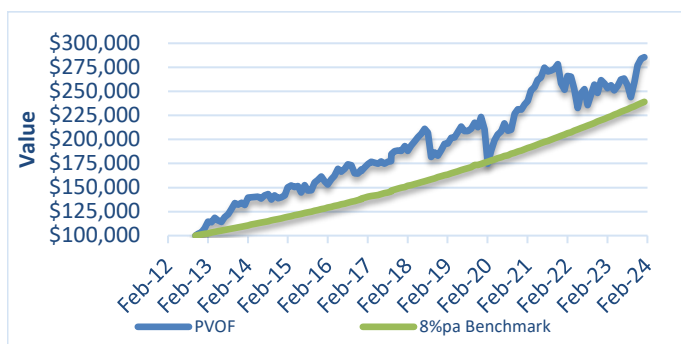


Market review

The MSCI Developed Markets Index rose (+0.8%) over February, while the S&P500 Index rose (+5.3%) in a strong month for equities. The S&P/ASX300 Accumulation Index underperformed Developed Markets performances, rising (+1.0%). Emerging Markets outperformed Developed Markets in February, rising (+4.9%) across the month. The MSCI World Developed Markets Index rose (+4.6%) in US Dollar terms.

The Australian 10-year government bond yield moved up 12bps over the month to 4.14%. US bond yields also increased, stepping up 29bps to 4.24%. Commodity prices were mixed in February. Brent Oil rose by US\$1.97 to US\$83.68/bbl, whilst Iron Ore prices fell by US\$15.50 to US\$117.50/Mt. Over the month, Gold fell by US\$20.80 to US\$2,032 as bullion markets recalibrated to expectations of US Federal Reserve interest rate expectations.

With the exception of the ASX20, all S&P/ASX size indices closed higher in February, led by the mid-cap stocks which rose +5.3%. More broadly, small-caps (+1.7%) were preferred over large cap companies (+0.9%). Resources were a drag on performance across all size biased indices, and Industrial companies performing well. Overall, on the ASX, the Technology sector led the market up, enjoying out-sized returns of +19.5% for the month. Sentiment from US technology companies had a positive influence on local trading whilst ASX technology companies reporting earnings in February were also positive. On the flip side the Energy sector lagged the broader market falling -6.0%. Noticeably, momentum within the Discretionary sector continued, +9.2% for the month, extending its gains to +24.6% since the October 2023 low.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$285,500 (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 \$239,100 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	\$ 1.7867	\$ 1.7590
Withdrawal price	\$ 1.7731	\$ 1.7456
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 0.5% in February and was marginally lower compared to the ASX300 Accumulation Index's 1.0% increase. The Fund has gained 11.6% for financial year to date 2024 and has continued to perform strongly, particularly in the past three months. Best monthly contributors included global industrial property owner Goodman Group (+16.8%), building material supplier CSR (+27.2%) and media group News Corp (+8.0%). The largest detractors in January were BHP Limited (-7.1%), transport business Kelsian (-15.9%) and CSL (-5.1%).

French company Saint Gobain has launched a takeover bid for building materials company CSR Limited at \$9.00. CSR is 2% of the portfolio and accounted for 35bps of fund performance this month. We have held CSR for 3.5 years. When we first invested in CSR, we believe the company was significantly undervalued for 2 major reasons. First, the company was looking to crystallise value for its manufacturing sites around Western Sydney as industrial property demand and Western Sydney Airport was taking off – the market was only starting to recognise this. Second, management was working on plans to turnaround a company that had an uneven performance record. We saw successful efforts to push through price increases to recover costs and streamlining of work processes that ultimately led to significant margins improvement – leading to a re-rating of the stock. We believe the \$9.00 price offered by Saint Gobain which values CSR at 25x PER is attractive.

Goodman Group continued to contribute good returns to the Fund. We have held a high conviction position in Goodman Group over a long period of time and through the REITs sector's volatile period caused by sharply rising interest rates. We seek to invest in well managed companies that are well capitalised. Our experience indicates that companies with such characteristics are typically well positioned to take advantage of changing trends or strengthen their positions at the expense of the competition. Goodman Group exhibits those characteristics we seek and is evident in the company's rising exposure to high value data centre developments.

Outlook: Fund turnover has been low for the past 12 months, with fund performance robust over 2023. Few new investments were added or exited although we added to our investments that we had greater conviction and reduced positions that had done extremely well in 2023. We recently completed the Australian reporting season in February. Numerically, 45% of our holdings reported profits that were in line with expectations, 16% below expectations and 27% were above expectations (the balance does not report their profits in February). Many of our companies' management teams have observed mixed business conditions in Australia but are well positioned as they tackle costs and hold strong balance sheets. Current business conditions appear more favourable than virtually all forecasters had expected at the beginning of 2023, and this was a key driver of higher stock prices throughout the past year. As 2024 unfolds, we expect a number of our investments to navigate shifting business conditions well.

Top contributors (absolute)	Sector
Goodman Group	Real Estate
CSR Limited	Materials
News Corporation	Communication Services

Top detractors (absolute)	Sector
BHP Limited	Materials
Kelsian Group	Industrials
CSL Limited	Healthcare

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

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