

Prime Value Opportunities Fund

Fund Update – April 2024

- The equity markets rally paused in April, following five months of strong performance.
- The ASX300 Accumulation Index fell 2.9%, with positive resources sector performance unable to offset broad-based declines.
- The Fund fell 3.5% in April, gaining 11.5 % for FYTD 2024.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	9.6%	8.0%	1.6%
10 Years (p.a.)	7.4%	8.0%	-0.6%
7 Years (p.a.)	7.1%	8.0%	-0.9%
5 Years (p.a.)	7.2%	8.0%	-0.8%
3 Years (p.a.)	4.3%	8.0%	-3.7%
1 Year	11.2%	8.0%	3.2%
3 Months	0.4%	2.0%	-1.6%
1 Month	-3.5%	0.6%	-4.1%

* 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.

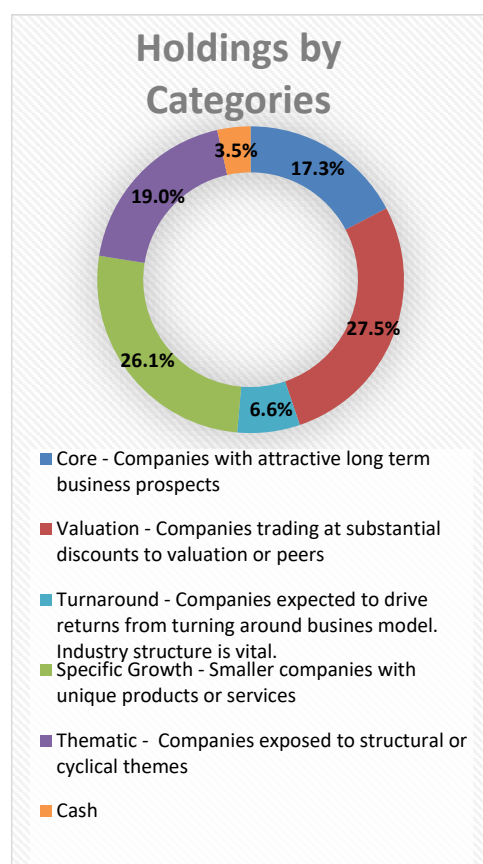
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%	3.5%	(3.5%)			11.5%	185.2%

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

The top five holdings make up approximately 37.8% 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

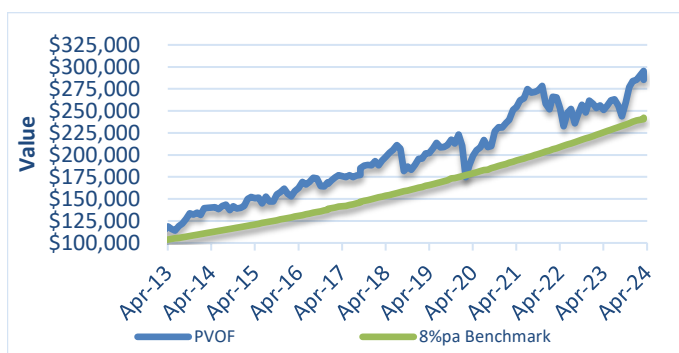


Market review

This year's strong run-in equity markets saw a pause in April, as inflation indicators surprised to the upside whilst geopolitical friction persisted. Broadly, Global and Australian equities weaken in April, as interest rate sensitive stocks struggled on the realisation that central banks may not be as well positioned to cut interest rates as soon as thought. The MSCI Developed Markets Index fell (-3.2%), while the S&P500 Index also decreased (-4.1%) in local currency terms. Emerging market equities performed much better, with the MSCI EM Index gaining 1.4% due to a strong Chinese equity market (MSCI China Index gained 6.5% during the month).

The Australian 10-year government bond yield moved up 46 bps over the month to 4.42%. US yields also increased, stepping up 48 bps to 4.68%. Geopolitics supported commodity prices, with Brent Oil up by US\$0.92 over the month to US\$88.40/bbl, whilst Iron Ore prices increased by US\$16.00 to US\$118.00/Mt. April saw Gold prices hit another record high, increasing by US\$119.20 to US\$2,333.55 per ounce.

With the exception of the Utilities and Materials sectors, we observed broad-based losses across most ASX sectors in April. The ASX300 Accumulation Index closed 2.9% lower, ending five months of gains. Interest rate-sensitive sectors fared the worst, most notably Real Estate and Discretionary sectors, down 7.7% and 5.1% for the month, as the 10-year US Treasury yield rose 48bps to 4.7% – its highest level since last October 2023. The Energy sector (-4.7%) was a drag on overall Resources sector returns for the month with Metals & Mining (+1.8%) companies contributing positively during the month. Despite this, the Resources sector still outperformed Industrial companies across the various size cohorts. We observed material relative outperformance, most notably within the Mid-Caps sector where the spread was widest (+10%). Contribution from large-cap miners was mixed, with Rio Tinto and South 32 adding 25bps on aggregate, somewhat offsetting BHP losses (-28bps). There were broad-based declines across size biased indices in April, with mid-caps outperforming on a relative basis.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$285,200 (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 \$242,200 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	\$ 1.7845	\$ 1.7569
Withdrawal price	\$ 1.7709	\$ 1.7435
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 fell 3.5% in April, reversing the 3.5% gain posted in March, and was marginally lower compared to the ASX300 Accumulation Index's 2.9% decline for the month. The Fund has gained 11.5% for financial year to date 2024 with contributions to performance from a broad range of companies. Best monthly contributors in April included global respiratory product innovator Resmed (+13.1%), regional aviation services provider Alliance Aviation (+9.5%) and regional ship builder Austal (4.6%). The largest detractors in April included Commonwealth Bank (-4.8%), CSL (-3.9%) and NewsCorp (-8.0%).

Resmed, a Core holding, has been one of the better performing stocks on the ASX in recent months. This contrasted with August last year when its share price fell from \$33 to \$21.60 over a six-week period: then, Resmed had missed market expectations for a highly anticipated profit margin increase for a quarterly profit update that coincided with peak negative news flow with regard to the wonder weight loss drug class GLP-1. We have maintained our exposure to Resmed through that period, with portfolio performance currently benefiting from its share price recovery.

We categorise Austal under the Valuation category which reflects the substantial long-term value residing within the company. Notably Austal received to a conditional bid of \$2.83 per share in early April from Hanwha Ocean, a South Korean conglomerate with substantial ship building interests. We observe there has been several speculated interested parties reportedly considering acquiring Austal's assets, none of which we are able to confirm bar the Hanwha bid. Whilst we are uncertain of the probability of Hanwha (being a foreign controlled entity) being successful in its takeover given Austal is strategically important to Australia's naval ship building interests, it does underline the latent value within the company.

Outlook: Looking back at the past 6 months, it's a noteworthy observation that attempts at accurately forecasting the economy have been largely unsuccessful. For example, the debate about a hard, soft, or non-existent US economic landing should reach a resolution in 2024 – but at this point that debate does not look anywhere near a conclusion. For this reason, we do not attempt to make macro predictions and fill our investment positions based on those predictions. Engaging with a broad range of company management teams over the past few months, however, leads us to observe that the Australian economy is robust albeit some segments are clearly under some pressure. It's clear there is investment demand from areas such as housing and energy which are undersupplied. We further note investment demand for new areas such as onshoring, the energy transition, and the AI-driven digital economy; and a banking sector that is structurally in good shape.

Top contributors (absolute)	Sector
ResMed Inc.	Healthcare
Alliance Aviation Services	Industrials
Austal Limited	Industrials

Top detractors (absolute)	Sector
Commonwealth Bank	Financials
CSL Limited	Healthcare
News Corporation	Communication Services

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

Contact details:

Prime Value Asset Management Ltd
 Level 9, 34 Queen Street, Melbourne VIC 3000
 T: 03 9098 8088
 E: info@primevalue.com.au
 W: primevalue.com.au

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