Prime Value Diversified High Income Fund
Monthly Update – May 2024

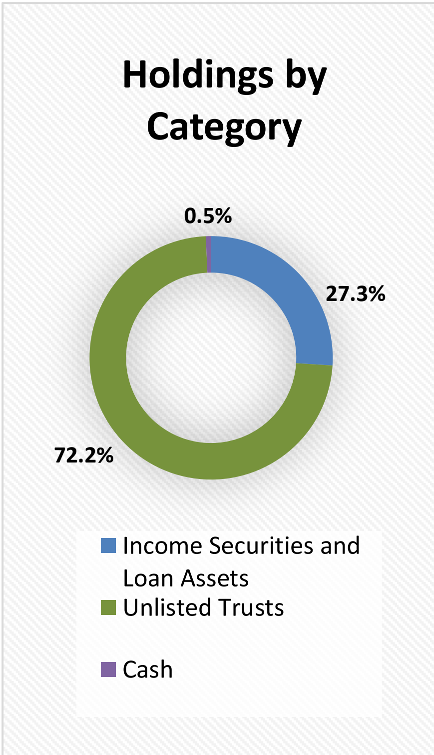
- The Fund's return after-fees for the month of May 2024 was 0.40%. For the past 2 years the return was 5.66% p.a. after-fees, and 5.89% p.a. after-fees for the past 3 years.
- In early June 2024, the Fund paid to investors a distribution of $0.53 cents per unit for the month of May 2024, equivalent to an annual rate of 6.55% (assuming all distributions are re-invested).
- Markets continue to remain relatively stable. 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 meets its key objectives of capital preservation and monthly distributions.

	Net Return*	Benchmark Return (RBA Cash Rate + 4% p.a.)
Since inception (p.a.)	**5.49%**	5.58%
3 years (p.a.)	**5.89%**	6.31%
2 Years (p.a.)	**5.66%**	7.42%
1 Year	**4.04%**	8.26%
6 Months	**1.40%**	4.10%
3 Months	**1.12%**	2.04%
1 Month	**0.40%**	0.68%

* 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 a reliable indicator of future performance. Net returns are calculated after management fees.

Feature	Fund Facts
Portfolio Manager	Matthew Lemke
Responsible Entity	Prime Value Asset Management Ltd (ABN 23 080 376 110; AFSL 222 055)
Investment Objective	The Fund aims to provide regular income with medium risk exposure. The Fund targets a return to investors of the RBA Cash Rate plus a margin of 4.0% p.a. This return may vary from month to month depending on the market.
Target Market	The Fund is designed for investors seeking a return above the RBA cash rate and regular monthly distributions from a diverse portfolio of investments with an emphasis on capital preservation.
Benchmark	RBA Cash Rate + 4% p.a.
Inception Date	1 August 2019
Distributions	Monthly
Suggested Investment Period	1-2 years
Individual Security Maximum Exposure	Individual security holdings will generally be limited to 15% of the portfolio, however, the Fund Manager is permitted to invest above 15% but generally not exceeding 25% of the portfolio if this is considered to be in the best interests of investors.
Minimum Investment	$50,000
Management Fee	0.85% per annum[1]
Performance Fee	15%[1] of net performance above the RBA Cash Rate + 4% p.a.
Issue price	$0.9975
Withdrawal Price	$0.9975
Distribution (31/05/2024)	$0.0053

[1]The Fund may hold one or more unlisted trusts (Interposed Vehicles). Indirect costs are the impact on the Fund from fees and costs such as management fees in connection with Interposed Vehicles. The fees in the above table exclude indirect costs. Indirect management fees and costs for the year ended 30 June 2023 were 1.20%. Indirect performance fees charged or accrued since the Fund's inception to 30 June 2023 were 0.33% pa. Indirect costs will vary every year.



Fund review and strategy

The Fund's return after-fees for May 2024 was 0.40%. For the past 2 years the return was 5.66% p.a. after-fees, and 5.89% p.a. after-fees for the past 3 years. Past performance is not a reliable indicator of future performance.

In early June 2024, the Fund distributed $0.53 cents per unit for the month of May 2024, equivalent to 6.55% p.a. (assuming all distributions are re-invested). This is the 13th month in a row at this distribution rate. The Fund has paid a distribution every month since inception in August 2019 (58 distributions).

As mentioned in the Update for April 2024, the Fund's return has fallen below its Benchmark Return due to, firstly, our reluctance in the current environment to pursue the higher returns available in the market as we believe this will add too much risk to the Fund's portfolio; and secondly, two assets in the Fund's portfolio have fallen behind in their target return and income to the Fund - we anticipate both assets will resume their target return and income soon.

The main risk to the Fund's performance is that Australia's economic growth rate falls significantly. This is not expected as seen in the robust performance of Australian and global equity and property markets, and the low level of credit spreads in the traded debt securities market. The Federal Treasury is forecasting Australia's GDP growth to be +2% in 2024/25. The RBA and IMF both forecast +1.5% growth in this period. These forecasts are below Australia's long-term growth trend but not low enough to worry markets, especially with growth forecast to pick up in the years beyond 2024/25.

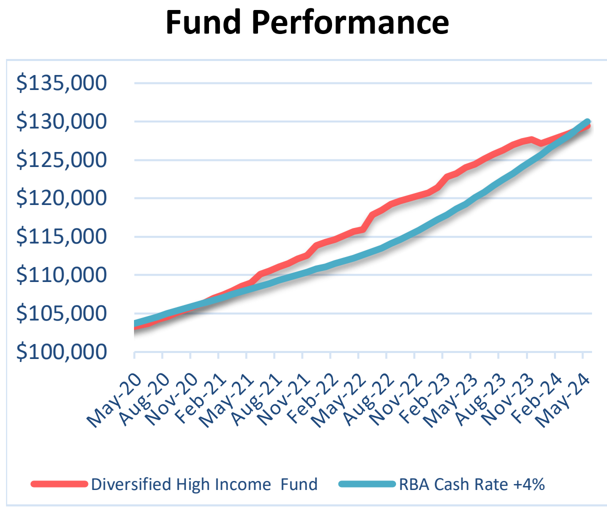
Markets are ambivalent about the direction of interest rates. A few months ago, the market was pricing in the RBA to commence rate cuts by mid-2024. Now, the market is pricing in rate cuts not to occur until mid-2025. The data has been very mixed. Helping those who believe rate cuts will come earlier were the weaker-than-expected GDP growth for the March 2024 quarter and retail sales for April, the lower-than-expected wage increase granted by the Fair Work Commission, and the fall in global crude oil and gas prices. Those believing the RBA will not ease rates until at least mid-2025 point to the rise in CPI for April to 3.6%, the second month in a row that CPI has risen, and the Federal Budget delivered in mid-May, regarded as slightly inflationary with the forecast Budget surplus of $9.3bn in 2023-24 returning to deficits in 2024-25 and 2025-26. It is hoped that the RBA will not push out its forecast for inflation to fall to its 2-3% target band as this might compel the RBA to hike further. This is not expected. The general market view is that, subject to ongoing economic data, the RBA will leave rates alone for the time being but keep its 'tightening bias' to reduce the CPI 'multiplier effects' evident in wages and rents.

We do not see monetary policy in Australia as creating any major problem for the Australian economy particularly given the RBA's awareness of the potential negative ramifications of hiking rates again. An important 'unknown' relates to the dynamics and complexity of inflation and whether the previously-accepted understanding of the drivers of inflation, and its cyclicality, are still fully relevant. The RBA and other central banks are grappling with this question.

Internationally, the 'grey clouds' noted in previous Updates are not causing any downgrades to economic growth forecasts in the major economies. China has taken steps to buoy its property market and bolster economic growth. Tensions in the Middle East and the Russia-Ukraine conflict are not considered sufficiently widespread to create problems for the major economies.

Given the uncertainties, we will continue with our strategy of investing the Fund's portfolio in a diverse range of quality, income-producing assets, including mortgages, unlisted property, 'alternative' assets, income securities and loan assets. This diversity in quality assets has allowed the Fund to meet its key objectives of capital preservation and monthly 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.



This graph shows how $100,000 invested at the Fund's inception has increased to $129,460 (net of fees). This compares with the Fund's benchmark return of the RBA cash rate + 4% p.a., where a $100,000 investment would have increased to $130,000 over the same period.

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Contact details:
Prime Value Asset Management Ltd
Level 9, 34 Queen Street, Melbourne VIC 3000
T: + 61 3 9098 8088
E: info@primevalue.com.au
W: primevalue.com.au