Prime Value Enhanced Income Fund
Monthly Update – May 2024

- The Fund performed well in May with a return of 0.32% after-fees. For the past 12 months, the return was 4.53% after-fees (excluding franking credits) and 4.86% after-fees (including franking credits), these returns being above the Fund's Benchmark Return.
- Markets continue to remain relatively stable. However, there are several market, economic and geopolitical risks that remain unresolved and may cause market volatility in the future. We will therefore continue to manage the Fund conservatively to ensure it meets its key objectives of capital preservation and quarterly distributions.

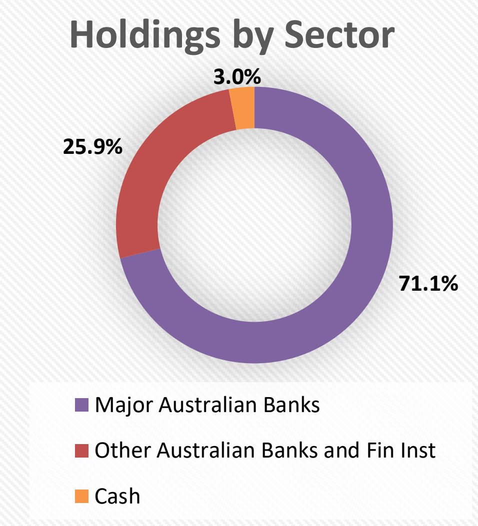
	Net Return*	Net Return including Franking Credits**	Benchmark Return - 90 Day Bank Bill Rate (BBSW)
Since inception (p.a.)	**2.63%**	**3.04%**	1.85%
5 Years (p.a.)	**1.71%**	**1.95%**	1.65%
3 Years (p.a.)	**1.92%**	**2.06%**	2.47%
1 year	**4.53%**	**4.86%**	4.33%
6 Months	**2.30%**	**2.45%**	2.16%
3 Months	**1.01%**	**1.01%**	1.08%
1 month	**0.32%**	**0.32%**	0.37%

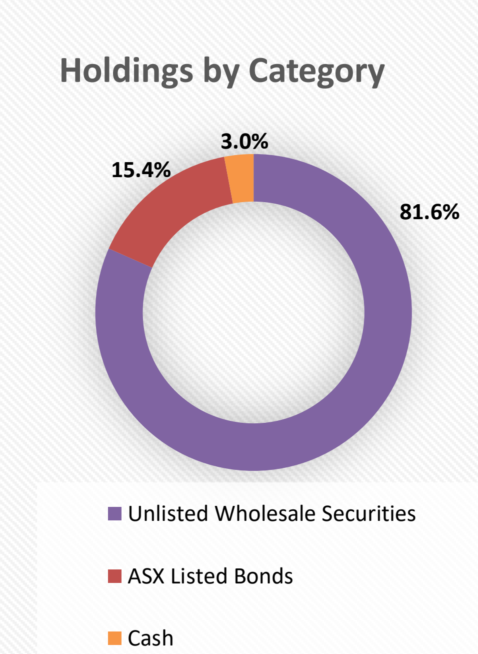
* Performance figures have been calculated in accordance with Financial Services Council (FSC) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are calculated 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	$1.0087
Withdrawal Price	$1.0083
Distribution (31/03/2024)	$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 May with a return of 0.32% after-fees. For the past 12 months, the return was 4.53% after-fees (excluding franking credits) and 4.86% after-fees (including franking credits), these returns being above the Fund's Benchmark Return. Past performance is not a reliable indicator of future performance.

The main risk to the Fund's performance is that Australia's economic growth rate falls significantly. This is not expected as seen by a continuation of the robust performance of Australian and global equity and property markets, the low level of credit spreads in the traded debt securities market, and the historically low level of the widely-used VIX index (which measures equity market volatility). The Federal Treasury, in the Budget delivered on 14 May 2024, forecast Australia's GDP growth to be +2% in 2024/25. The RBA and IMF both forecast +1.5% growth in this period. Although these forecasts are respectively below Australia's long-term growth trend, the forecasts are not sufficiently low to cause markets undue concern, especially as growth is 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 (0.1%) 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 still above the RBA's 2-3% target band for inflation, 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.

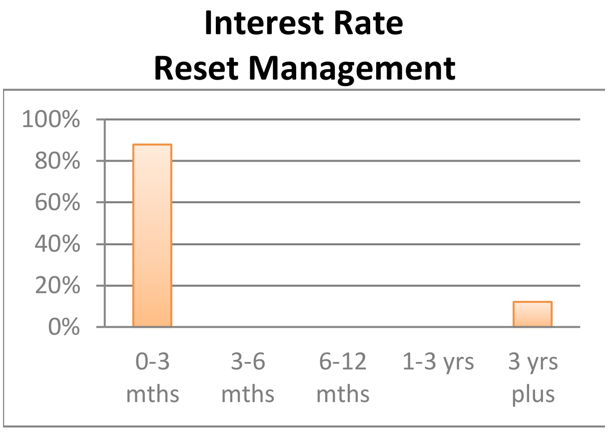
It is hoped that the RBA will not push out its forecast for inflation to fall to its 2-3% target band as this might compel the RBA to hike further. This is not expected but cannot be ruled out. The general market view is that, subject to ongoing economic data, the RBA will leave rates alone for the time being but that it will maintain its 'tightening bias' to reduce the CPI 'multiplier effects' occurring in wages and rents. The RBA has not adjusted the cash rate since November 2023 when it hiked the cash rate 0.25% to 4.35%. An important economic data release is the employment report for May 2024, to be released on 13 June just prior to the RBA Board meeting scheduled for 17-18 June.

On balance, we do not see monetary policy in Australia as creating any major problem for the Australian economy particularly given the overall trend lower in inflation, and 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. Many central banks around the world are grappling with this question.

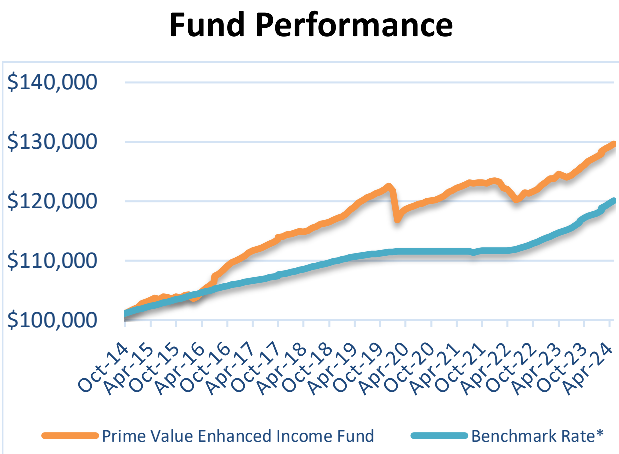
Internationally, the 'grey clouds' noted in previous Updates are not causing any major downgrades to the overall economic growth rates forecast for the major economies of the world. China has taken several further measures to buoy its property market and bolster economic growth as reflected in China's GDP growth rate of 5.3% for the March 2024 quarter. The tensions in the Middle East and the Russia-Ukraine conflict are still not considered significantly widespread to create problems for the major economies.

Given the uncertainties, we will continue with our conservative strategy of investing the Fund's portfolio mainly in floating (variable) rate securities which benefit directly from higher interest rates, and in '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 is a major reason for the Fund continuing to perform well and being able to 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.



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.



This graph shows how $100,000 invested at the Fund's inception has increased to $129,650 (net of fees). This compares with the Fund's benchmark return, where a $100,000 investment would have increased to $120,100 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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