

Prime Value Diversified High Income Fund

Monthly Update – June 2024



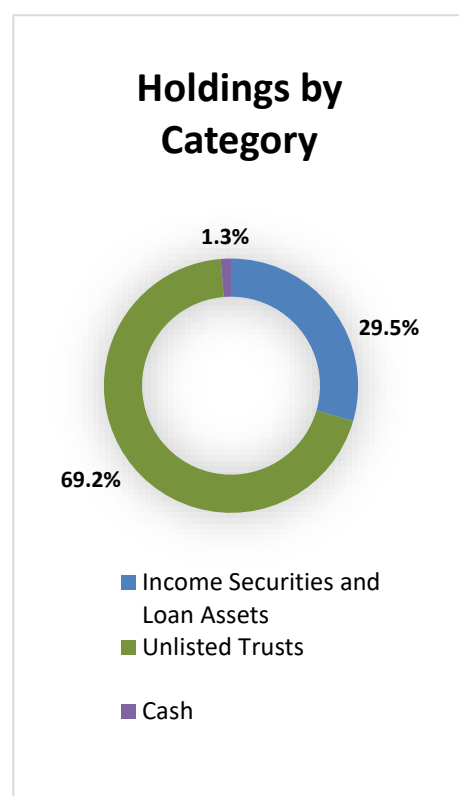
- This is the last Update for this Financial Year. Shortly, the Fund will distribute \$0.53 cents per unit for the month of June 2024. The distribution rate for the 12 months to 30 June 2024 was 6.55% after-fees (assuming all distributions were re-invested).
- The performance of the Fund for June was affected by write-downs of two property assets in the Fund's portfolio. This is discussed on p.2 of this Update. The prolonged high interest rates in Australia were the main reason for the write-downs. We anticipate that the property asset valuations will improve once the RBA moves to an “easing bias” and then delivers a rate cut.
- Markets over the past Financial Year remained stable - we expect markets continue to remain relatively stable into the new Financial Year. However, there are several risks that remain unresolved and so we will continue to manage the Fund conservatively to ensure it meets its key objectives of capital preservation over the medium-term and monthly distributions.

	Net Return*	Benchmark Return (RBA Cash Rate + 4% p.a.)
Since inception (p.a.)	4.75%	5.61%
3 years (p.a.)	4.50%	6.41%
2 Years (p.a.)	3.23%	7.55%
1 Year	0.35%	8.24%
6 Months	-1.21%	4.08%
3 Months	-2.18%	2.04%
1 Month	-2.96%	0.62%

* 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
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	\$0.9627
Withdrawal Price	\$0.9627
Distribution (30/06/2024)	\$0.0053

¹The 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

This is the last Update for this Financial Year. Shortly, the Fund will pay to investors a distribution of \$0.53 cents per unit for the month of June 2024. As this monthly distribution was maintained throughout the Financial Year, the distribution rate for the 12 months to 30 June 2024 was 6.55% (assuming all distributions were re-invested). The Fund has paid a distribution every month since inception in August 2019 (59 consecutive distributions).

The performance of the Fund for the month of June 2024 was affected by write-downs of two property assets in the Fund's portfolio by the independent valuer. The continuation of prolonged high interest rates in Australia was the main reason for the write-downs. Interest rates are a market factor that we have no control over. The assets themselves are performing well, and we are continuing to diligently monitor both assets along with all the other assets in the Fund's portfolio. Property valuations are generally done on an annual basis and therefore it is unlikely there will be further changes in the asset values until June 2025. All four major Australian banks are not forecasting any further tightening by the RBA. Two of these banks - CBA and Westpac - are forecasting the RBA to cut the official cash rate this year, and all four major Australian banks, and the market, are forecasting the RBA to begin rate cuts in the first 6 months of 2025. We anticipate that the property asset valuations in the Fund's portfolio will improve once the RBA moves to an "easing bias" and then delivers a rate cut. We encourage investors to assess the Fund's performance over a medium-term horizon, and not on a month-to-month basis. We do not anticipate any change to the current distribution rate for the Fund of \$0.53 cents per unit per month.

Market conditions through the Financial Year remained relatively stable as seen in the performance of global equity markets and low credit spreads. The Fund's main risk is to a significant weakening of the Australian economy. This did not occur in the Financial Year, with the economy supported by continuing strong exports. The RBA, Federal Treasury and the IMF forecast Australia's GDP to improve in 2025 and 2026.

Headwinds to Australia's economic performance from the RBA's rate hikes - taking the cash rate from 0.1% in May 2022 to 4.35% in November 2023 - appear to have been weathered. However, we are monitoring this situation. Inflation trended down in the Financial Year, from a CPI rate of 6% (annual, June quarter 2023) to the current rate of 3.6% (annual, March quarter 2024). With inflation still above the RBA's target 2-3% band, the RBA is likely to retain its "tightening bias" hoping to dampen both the inflation 'escalator' effects in rents and wages, and the significant spending proposed by Federal and State governments, particularly infrastructure spending, which is seen as a major cause of inflation staying high. The RBA is acutely aware of the impact of rate hikes on the Australian economy; hence we do not see the RBA's monetary policy as a major stumbling block for the Australian economy.

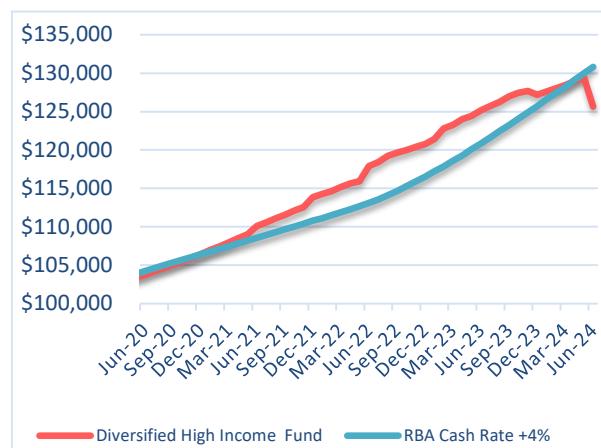
Internationally, over the Financial Year, there have been several conflicts – the Russia/Ukraine conflict, the Hamas/ Israel conflict, and the more recent Israel/Hezbollah conflict. However, each of these conflicts is not considered sufficiently widespread to create problems for the major global economies. China's economy improved over the Financial Year after several policy changes and stimulatory measures. The economies of the US and other OECD countries continue to perform well. We therefore do not see any major 'storm clouds' for Australia's economic performance coming from the international context.

Given the various uncertainties, we will continue with our conservative 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 over the medium-term and ongoing monthly distributions.

If you have any questions, please do not hesitate to arrange a call with your Investor Relations contact.

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS), an Information Memorandum (IM) or an offer of units and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Fund must obtain and read the IM or PDS (as the case may be) dated 30 September 2022 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited (ABN 23 080 376 110 and AFSL 222 055) nor its associates or directors, nor any other person, guarantees the success of the Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor investment.

Fund Performance



This graph shows how \$100,000 invested at the Fund's inception has increased to \$125,630 (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 \$130,810 over the same period.

Performance figures have been calculated in accordance with the 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 managements fees.

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