Prime Value Opportunities Fund
Fund Update – June 2024

- Global equity markets momentum carried over into June in a stronger month for equities, partly due to softer US inflation data.
- The ASX300 Accumulation Index rose 11.9% for FY24 as expectations of lower interest rates drove returns with dividends contributing a solid 4.3% during the year.
- Pleasingly, the Fund's performance was strong over the 2024 financial year, gaining 15.2%, on the back of a 1.9% gain in June.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	9.7%	8.0%	1.7%
10 Years (p.a.)	7.8%	8.0%	-0.2%
7 Years (p.a.)	7.5%	8.0%	-0.5%
5 Years (p.a.)	7.3%	8.0%	-0.7%
3 Years (p.a.)	4.0%	8.0%	-4.0%
1 Year	15.2%	8.0%	7.2%
3 Months	-0.3%	2.0%	-2.3%
1 Month	1.9%	0.6%	1.3%

* 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.

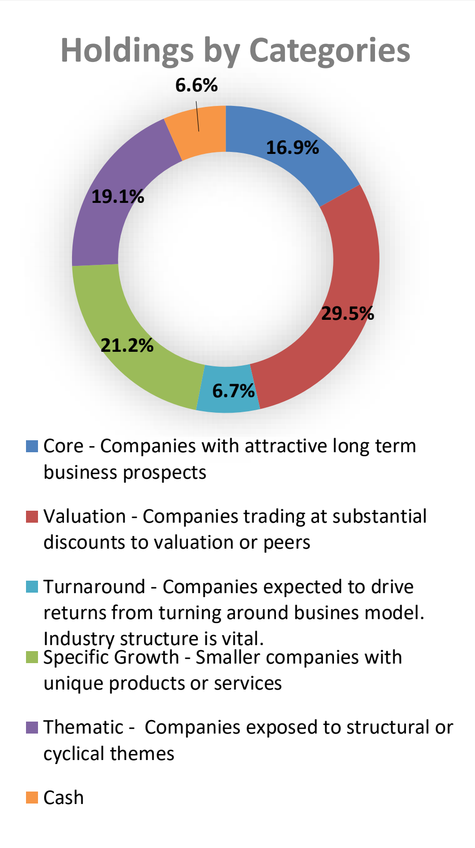
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**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%)	1.4%	1.9%	**15.2%**	**194.6%**

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

The top five holdings make up approximately 39.7% 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

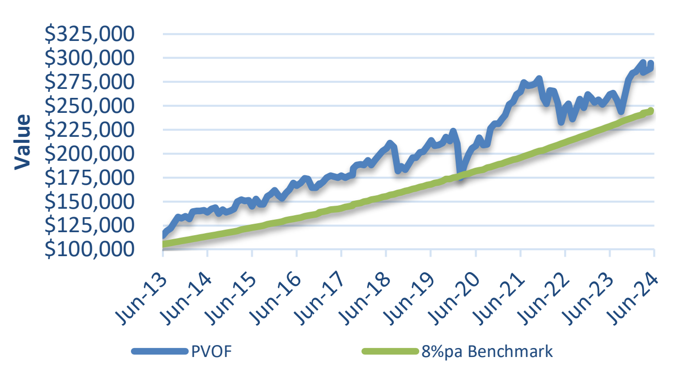


Market review

The upward momentum in equity markets continued in June, with Australian stocks also coming to the end of their financial year. The MSCI Developed Markets Index rose (+2.4%) over June, while the S&P500 Index also increased (+3.6%) in local currency terms in a stronger month for equities. Emerging Markets outperformed the Developed Markets, with the MSCI Emerging Markets Index rising (+4.3%) across the month. Over the course of FY24, Developed Market equities, led by US equities, outperformed its Emerging Market peers, up 19.5% and 12.7% respectively in local currency terms.

The Australian 10-year government bond yield fell 10 basis points over the month to 4.31%, as US yields also decreased, stepping down 12 basis points to 4.37%. Against the US Dollar, the Swiss Franc (+0.39%), Australian Dollar (+0.26%), and Canadian Dollar (-0.37%) were the best performing currencies. Commodity prices were mixed in June. Brent Oil rose by US$4.79 to US$86.41/bbl, whilst Iron Ore prices fell by US$10.50 to US$106.50/Mt.

The ASX300 Accumulation Index closed FY24 up 11.9% (June +0.9%). The skew in performance across size cohorts was stark – the top 20 stocks gained +14.9%, MidCaps +6.6% and All Ordinaries Index +12.5%. Macro volatility around rate and policy paths appear to work against stock picking through the year. Financials (+5.1%) were the best sector in June, with Insurance, Banks and Financial Services all posting returns over 5%. Financials were also the best performer in FY24, with a gain of +17% but there was great dispersion in returns, with Banks (+22.8%) the clear sector winner. Metals & Mining (-7.2%) was the worst sector in June, as concerns about China's growth led to declines across most Industrial Metals. However, it was the defensive Telecom (-10.4%) and Staples Retail sectors (-9.3%) that were the worst performers over the last year with both negatively impacted by earnings downgrades and a de-rating.



This graph shows how $100,000 invested at the Fund's inception has increased to $294,600 (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 $245,200 over the same period. The returns exclude the benefits of imputation credits.

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 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 (Ex)	$ 1.6433	$ 1.6166
Withdrawal price (Ex)	$ 1.6309	$ 1.6044
Distribution (30/06/2024)	$ 0.1994	$ 0.1975
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 has a strong FY24, gaining 1.9% in June and posted a solid double digit return of 15.2% for FY24. This compared to the ASX300 Accumulation Index's return of 0.9% and 11.9% of June 2024 and FY24 respectively. Best monthly contributors in June included Commonwealth and National Australia Banks (+8.0% and 7.8% respectively), global healthcare company CSL (+6.1%). The largest detractors in June included miner and mining services company BHP (-3.7%), and Mineral Resources (-24.6%) respectively and global medical device innovator Resmed (-6.6%).

The ASX300 Index's performance in FY24 was inflated by the exceptional performance of Australian banks which gained over 22% for a sector with approximately 25% of the Index weight. Hence, the relative performance of the Fund was actually more impressive in comparison to the ASX300 as the Fund has always held a significantly lower exposure to the Australian banking sector. Successful stock selection has been the cornerstone for Fund performance, which was the case in FY24.

We attribute the Fund's FY24 returns to three factors:

Mergers & Acquisitions: it's notable that the Fund had 3 takeover offers in the past six months: leading building materials supplier CSR, strategic Australian ship builder Austal and auto parts supplier Bapcor. It highlights the opportunity to invest in significantly undervalued businesses in equity markets as investors underestimate their prospects – perhaps when something goes wrong, investor pessimism develops, and an excessive price reaction occurs.

Minimizing mistakes: We are in consistent contact with the management teams of our portfolio companies and follow carefully what other companies are saying. We have found that those conversations give us good insights on the pace and trends of economic growth. What we have been hearing is that the Australian economy is fine/resilient, but not strong. We were more concerned about softening consumer spending than overheating which led us to minimize our investments to the more challenging parts of the market.

We believe our approach, of investing in high-quality, well-managed businesses, diversified across industry sectors, is a cornerstone to good medium-term returns. We have built a portfolio of such businesses, many of which have done very well over the many years that we have owned them. In FY24, Goodman Group and REA Group have been strong contributors to performance, companies that we have owned for approximately 5 years and 12 years respectively. We endeavour to seek out investments that can deliver multi-year returns for the Fund.

Top contributors (absolute)	Sector
Commonwealth Bank	Financials
CSL Limited	Healthcare
National Australia Bank	Financials

Top detractors (absolute)	Sector
BHP Limited	Materials
Mineral Resources	Materials
Resmed	Healthcare

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

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