Prime Value Diversified High Income Fund Monthly Update – July 2024

- The Fund performed well in July 2024 with a return of 0.46% after-fees. This is pleasing after the asset write-downs that occurred at the end of the Financial Year 2024 which affected the Fund's performance in June 2024.
- In early August 2024 the Fund distributed $0.53 cents per unit to investors, equivalent to 6.55% p.a. (assuming all distributions are reinvested). The distribution for July is the 60th consecutive distribution since the Fund was incepted in August 2019.
- Markets in July remained stable, but in the first week on August there was volatility globally in markets after the Bank of Japan raised rates and the market became concerned about the outlook for the US economy after some weak data. Given that there are several market, economic and geopolitical risks that remain unresolved, 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.

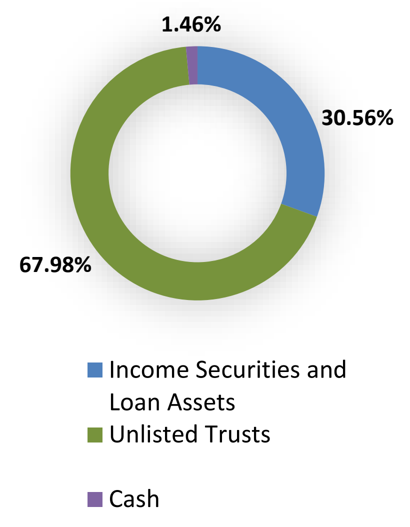
	Net Return*	Benchmark Return (RBA Cash Rate + 4% p.a.)
Since inception (p.a.)	**4.76%**	5.67%
3 years (p.a.)	**4.51%**	6.55%
2 Years (p.a.)	**3.22%**	7.72%
1 Year	**0.39%**	8.31%
6 Months	**-1.08%**	4.08%
3 Months	**-2.12%**	2.04%
1 Month	**0.46%**	0.73%

* 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. benchmark
Issue price	$0.9618
Withdrawal Price	$0.9618
Distribution (31/07/2024)	$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.

Holdings by Category



Fund review and strategy

The Fund performed well in July 2024 with a return of 0.46% after-fees. This is pleasing after the asset write-downs that occurred at the end of the Financial Year 2024 which affected the Fund's performance in June 2024. In early August the Fund distributed $0.53 cents per unit to investors, equivalent to 6.55% p.a. (assuming all distributions are reinvested). The distribution for July is the 60th consecutive distribution since the Fund was incepted in August 2019. Past performance is not a reliable indicator of future performance.

We are hopeful that the property assets written down in June 2024 can be upwardly revalued in June 2025 (revaluations tend to be done towards the end of each Financial Year) especially if the RBA has cut the official cash rate by then – as expected by the market - but noting that interest rates are only one factor taken into account by the independent valuer in assessing asset value.

Markets were again stable in July but in the first week on August there was volatility globally after the Bank of Japan raised rates and the market became concerned about the outlook for the US economy after some weak data. Markets in Australia are being buoyed by the view that the RBA will not hike further. The four major Australian banks believe the RBA will not hike rates again, and two of the banks - CBA and Westpac - forecast a rate cut this year.

Globally, it appears that the central banks of the major Western countries are embarking on monetary policy easing. The central banks of Canada, Switzerland, Sweden, the UK, and the ECB, have all cut rates recently. The US Fed indicated recently that it could cut rates as early as September. The RBA is typically not too far out of step with these central banks in its monetary policy.

In addition, China's economy is still struggling despite all the monetary stimulus. China has a very strong trade and investment relationship with Australia, which has helped the Australian economy in recent years. Australia's GDP growth in the March quarter 2024 was only +1.1% (annual) and so any drop-off in exports to China will be felt in Australia. The other aspect in relation to China is that to improve its economic performance, China has been exporting more by lowering export prices – this is disinflationary to the world including Australia. To some extent, the RBA does not need to hike rates further to lower inflation as China's export pricing is helping to achieve this.

The above factors mitigate a further RBA rate hike. However, there are 3 issues that mean that the RBA may delay any move to cut rates:

• The RBA is forecasting inflation to only reach the midpoint of its target 2-3% band by mid-2026 – this forecast indicates a near-term easing is unlikely;

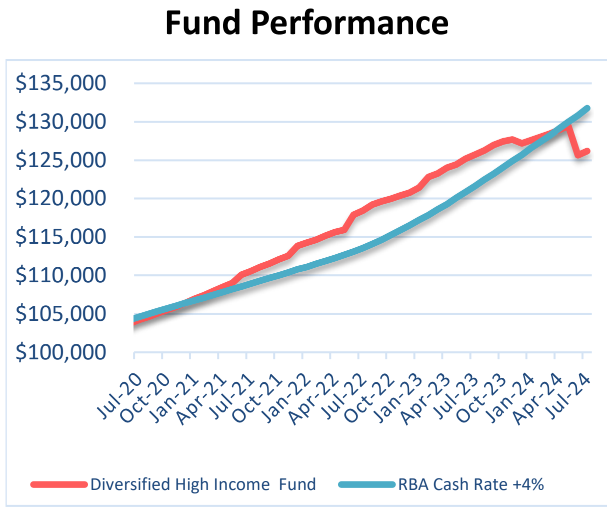
• Inflation in Australia has fallen significantly - from a cyclical high of 7.8% (annual, December quarter 2022) - but recent data for the March and June quarters 2024, show the fall in inflation has stalled in the "high 3%" range;

• The RBA is undoubtedly using its "tightening bias" to send a strong message to Federal and State governments, and unions and business, to slow spending and to dampen increases in wages and rents.

Internationally, the conflict in the Middle East, the Russia/Ukraine conflict, and the US Presidential election are not having any significant influence on markets globally. However, we remain alert to developments as these situations are very fluid. We are also very alert to further market volatility as seen in the first week of August, and its potential impact on investor "risk appetite".

Given the above 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 strategy 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.



This graph shows how $100,000 invested at the Fund's inception has increased to $126,200 (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 $131,760 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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