Prime Value Emerging Opportunities Fund Update (Class A) – July 2024

- Global equity markets were broadly positive in July, although the US market was volatile on account of US election risks.
- The fund's return of 2.6% for July was below both the Small Ordinaries Accumulation Index (+3.5%) and the Small Industrials Accumulation Index (+5.1%). Discretionary Retail stocks performed strongest as they start to cycle very weak comparison periods.
- The likelihood that the next interest rate move will see the commencement of a cutting cycle typically bodes well for small caps. While markets are volatile, our focus remains on bottom-up stock picking and company fundamentals, which ultimately drive share prices.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	11.3%	8.0%	3.3%
7 Years (p.a.)	11.6%	8.0%	3.6%
5 Years (p.a.)	11.5%	8.0%	3.5%
3 Years (p.a.)	2.5%	8.0%	(5.5%)
1 Year	7.6%	8.0%	(0.4%)
3 Months	4.7%	2.0%	2.7%
1 Month	2.6%	0.7%	1.9%

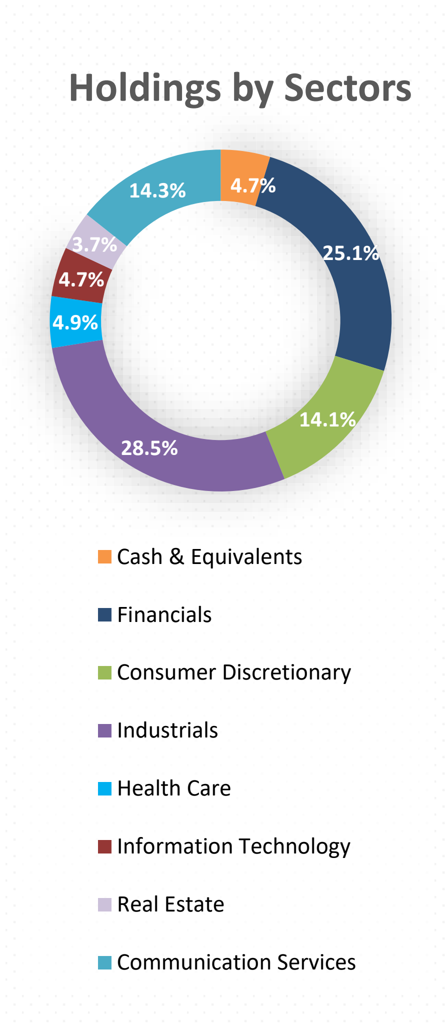
* Fund returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures are calculated in accordance with the Financial Services Council (**FSC**) standards. Returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2016				2.5%	6.3%	0.7%	(0.2%)	(3.9%)	2.4%	3.3%	2.4%	(0.2%)	**13.8%**	**13.8%**
FY 2017	7.4%	2.5%	1.6%	(0.3%)	(6.0%)	(2.0%)	1.1%	(1.6%)	1.8%	(1.8%)	(1.2%)	2.5%	**3.4%**	**17.6%**
FY 2018	1.3%	1.8%	2.3%	2.7%	1.5%	3.9%	(0.8%)	0.6%	(2.2%)	(0.5%)	3.9%	3.4%	**19.0%**	**40.0%**
FY 2019	(0.8%)	2.9%	2.1%	(4.8%)	(2.0%)	(5.8%)	1.5%	5.8%	1.9%	2.7%	(1.0%)	(0.6%)	**1.2%**	**41.7%**
FY 2020	5.3%	2.0%	1.5%	4.5%	4.2%	0.5%	1.9%	(5.8%)	(19.1%)	12.7%	11.6%	1.4%	**18.1%**	**67.3%**
FY 2021	3.6%	6.0%	0.2%	0.7%	9.0%	3.2%	0.7%	0.6%	1.4%	7.0%	0.6%	3.1%	**42.0%**	**137.6%**
FY 2022	0.6%	5.3%	(0.3%)	(1.4%)	(0.4%)	1.8%	(7.3%)	(1.5%)	2.6%	(0.7%)	(5.0%)	(7.8%)	**(13.9%)**	**104.6%**
FY 2023	8.1%	2.2%	(8.9%)	4.7%	0.2%	(1.7%)	3.2%	0.2%	(0.8%)	3.4%	0.4%	2.9%	**13.7%**	**132.6%**
FY 2024	2.9%	(1.2%)	(1.6%)	(6.2%)	5.7%	5.1%	2.1%	0.9%	1.6%	(3.1%)	0.2%	1.9%	**8.0%**	**151.1%**
FY 2025	2.6%	-	-	-	-	-	-	-	-	-	-	-	**2.6%**	**157.5%**

Top five holdings (alphabetical order)	Sector
AUB Group Limited	Financials
EQT Holdings Limited	Financials
Kelsian Group Limited	Industrials
News Corporation	Communication Services
Propel Funeral Partners Limited	Consumer Discretionary

* The top five holdings make up approximately 25.4% of the portfolio

Feature	Fund facts
Portfolio Manager	Richard Ivers & Mike Younger
Investment objective	Achieve superior total returns by providing medium to long term capital growth by investing in smaller capitalisation companies.
Benchmark	8% p.a.
Inception date	8 October 2015
Typical number of stocks	25 - 50
Cash	0 - 20%
Unlisted Exposure	0 – 20%
International Exposure	0 – 20%
Distributions	Half-yearly
Suggested Investment Period	3+ years
Research Ratings	Zenith – Highly Recommended Lonsec – Recommended

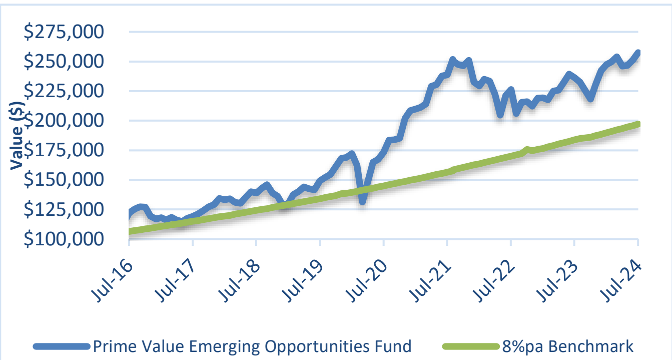


Market review

July saw equity market gains continue, with the US S&P500 Index increasing by (+1.2%) in local currency terms. However, underneath the headlines, US equities were volatile. Mega-cap technology stocks underperformed, while financials and small caps outperformed. Investors were sensitive to US election risks, with the rising chances of a Trump election victory causing them to position for de-regulation, and China-protectionist measures, as well as potential anti-monopoly policies. The MSCI World Developed markets index rose (+1.8%) in US Dollar terms, outperforming relative to the Emerging markets Index, which fell by (-0.9%) in US Dollar terms.

During the month the Australian 10-year bond yield declined by 19bps, whilst the Australian Dollar depreciated by 2.2% against the US Dollar. Towards the end of the month, a materially weaker underlying inflation print at 0.8% quarter-on-quarter significantly reduced the risk of an RBA rate hike in August. Commodity prices were mixed in July. Brent Oil fell by US$5.69 to US$80.72/bbl, whilst Iron Ore prices fell by US$4.50 to US$102.00/Mt. By contrast, Gold prices rose by US$95.40 over the month to US$2,426.30 per ounce after softer than expected US inflation data was released.

The market reaction to the June quarter inflation data was strong, trading sharply higher into month-end and breaching 8000 for the third time to set a new high at 8092. All sectors reacted positively post the inflation data however Financials, Consumer Discretionary and Real Estate sectors set the pace for the month. Utilities, Energy and Materials fell behind. Performance contribution for the month was quite narrow, with around three-quarters of the gains coming from Financials (+197bps), Discretionary (+65bps) and Health Care (+43bps) whilst losses were limited. Following strong July gains, the ASX300 Index has now climbed +18.6% from October 2023 lows, with Banks accounting for 40% (or +862bps) to broader market returns.



This graph shows how $100,000 invested at the Fund's inception has increased to $257,500 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $197,100 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 an indicator of future performance.

	Direct Investment (Class A)
APIR Code	PVA0013AU
Minimum Investment	$20,000
Issue price (Cum)	$2.0533
Withdrawal price (Cum)	$2.0369
Distribution (30/06/2024)	$0.0380
Indirect Cost Ratio (ICR)	1.25%*
Performance fee	20%** p.a.

* 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 positive performance

Fund review & strategy

The fund returned +2.6% in July, which was below both the Small Ordinaries (+3.5%) and Small Industrials (+5.1%) Accumulation Indices.

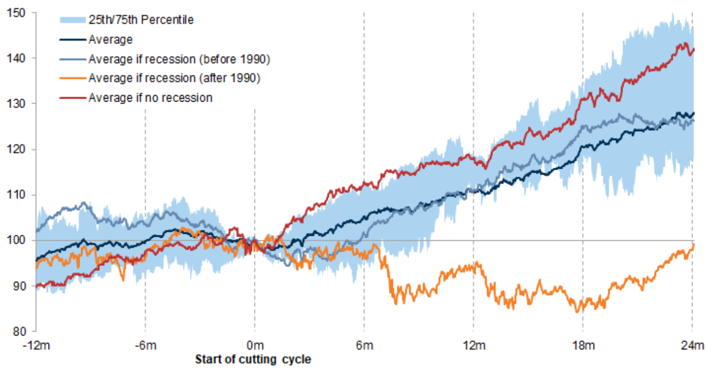
Key fund contributors for the month were **EQT Holdings** (EQT +10.9%), **Pinnacle Investment Management** (PNI +15.7%) and **Credit Corp** (CCP +16.4%). Key detractors were **SG Fleet** (-3.9%), **Superloop** (SLC -5.3%) and **Regis Healthcare** (REG -3.9%).

July was characterised by strength in retail companies which represented 6 of the Top 20 index performers. This followed trading updates from several retailers, highlighting a return to positive same store sales growth. This positive commentary will likely continue through reporting season, with most retailers cycling a very weak period in July 2023 where same store sales fell 5-10% for many. As such, this positivity should be framed in the context of relative strength rather than absolute strength.

Much of the narrative in recent months has been whether or not the RBA will look to increase interest rates in the short term, before we enter an interest rate cutting cycle. However, the June quarter inflation print has seemingly snuffed out the potential for a rate hike, with the focus now on when interest rates will start to fall.

This is typically quite positive for equities, and in particular for small caps which have greater leverage to economic growth than large caps. The below chart highlights the strong performance of the S&P 500 index at the beginning of US Fed interest rate cutting cycles since 1955, if not associated with a recession.

S&P 500 total return performance indexed to the start of interest rate cutting cycles since 1955



Source: Goldman Sachs.

That said, we note that markets are currently in flux, with recent volatility associated with the confluence of soft US economic data and an unwind of the Japanese carry trade.

As always, our focus remains primarily on bottom-up stock picking and company fundamentals – as long as we get these right, fund performance will take care of itself.

With reporting season upon us again, we are preparing for an onslaught of company updates over the next month. During this period we expect to participate in meetings with >250 company management team across most industries of the economy.

Top Contributors (Absolute)	Sector
EQT Holdings	Financials
Pinnacle Investment Management	Financials
Credit Corp	Financials
Top Detractors (Absolute)	**Sector**
SG Fleet	Industrials
Superloop	Communication Services
Regis Healthcare	Health Care
Platforms	
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama, AMP North, Praemium	