

Prime Value Opportunities Fund

Fund Update– August 2024



- Turnaround in equity markets following short sharp draw down in early August.
- The ASX300 Accumulation Index rose 0.4% which was a sharp turnaround considering the index fell 5.8% early in the month.
- The Fund fell 1.4% in August (up 2.1% for FYTD25), with short term share price volatility on the ASX elevated due to the corporate reporting period.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	9.8%	8.0%	1.8%
10 Years (p.a.)	7.7%	8.0%	-0.3%
7 Years (p.a.)	7.9%	8.0%	-0.1%
5 Years (p.a.)	7.6%	8.0%	-0.4%
3 Years (p.a.)	3.0%	8.0%	-5.0%
1 Year	14.2%	8.0%	6.2%
3 Months	4.0%	2.0%	2.0%
1 Month	-1.4%	0.7%	-2.1%

* 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.

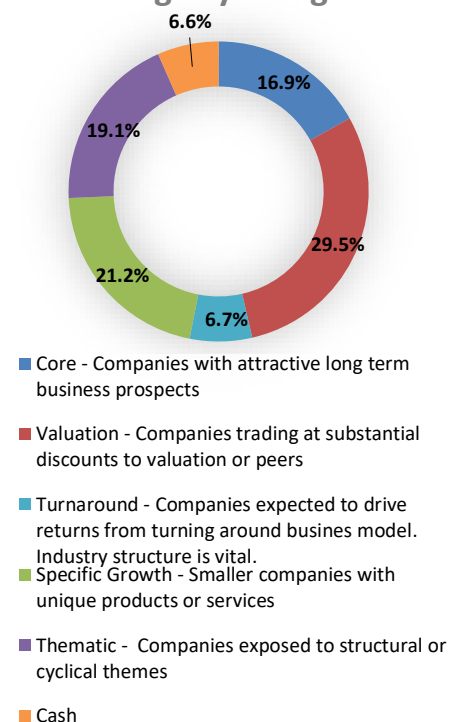
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%
FY 2024	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%
FY 2025	3.5%	(1.4%)											2.1%	200.5%

Top five holdings	Sector
Commonwealth Bank	Financials
BHP Group	Materials
CSL Limited	Health Care
National Australia Bank	Financials
Macquarie Group	Financials

The top five holdings make up approximately 38.4% 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

Holdings by Categories

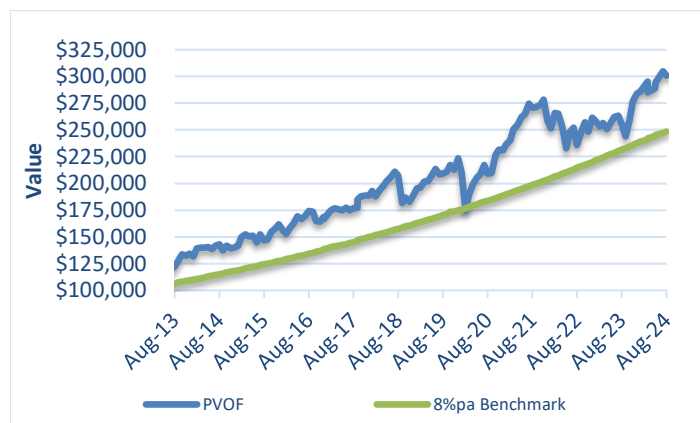


Market review

Equity markets posted sharp turnarounds through the month, as interest rate expectations drove markets higher. US equities whilst volatile in August nevertheless returned 2.4% (S&P500 Index) over the month. The MSCI World Developed Markets Index rose (+2.7%) in US Dollar terms, outperforming relative to the Emerging Markets Index, which rose by +1.2% in US Dollar terms. Both the FTSE100 and DJ Euro Stoxx 50 indices posted gains (+0.9% and 1.1% respectively) whilst the Nikkei 225 Index was weaker by 1.1%.

The Australian 10-year government bond yield moved down 15 basis points over the month to 3.97%. US yields also declined, stepping down 14 bps to 3.92%. Against the US Dollar, the New Zealand Dollar (+5.0%), Swedish Krona (+4.1%), and Australian Dollar (+3.4%) were the best performing currencies. Commodity prices were mixed in August. Brent Oil fell by US\$1.92 to US\$78.80/bbl, whilst Iron Ore prices rose marginally by US\$0.50 to US\$102.50/Mt. In precious metals, Gold prices rose by US\$87.05 over the month to US\$2,513.35 per ounce due to dovish Fed expectations, lower interest rates, and a weaker US dollar which have all been positive for the gold price.

Australian equities (ASX300 Accumulation Index) finished August up +0.4%. This was an impressive turn around when you consider the ASX300 fell approximately 6% in the first week as the ASX got caught up in the global Yen carry-trade sell-off. Except for the Small Ordinaries, all size biased indices closed higher for month, with dividend contributions providing an additional lift to monthly returns. Mid Caps posted the best return for the month, whilst we observed more modest returns across the top 300 companies. Sector contribution was relatively narrow for the month, with Financials offsetting losses across Materials and Energy sectors. Industrials and Technology added additional alpha for the month but was offset by weaker performance in the Health Care sector.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$300,500 (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 \$248,500 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 (Cum)	\$ 1.6764	\$ 1.6487
Withdrawal price (Cum)	\$ 1.6638	\$ 1.6363
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 had a softer month, falling 1.4% in August in a volatile month due to macro factors and the corporate reporting period which details results for many companies for FY24. The Fund is up by 2.1% for the FYTD and 8.1% for the CYTD24. The largest contributors to performance in August included aged-care provider Regis Healthcare (+22.3%), global respiratory devices company Resmed (+99%) and on-line real estate company REA Group (+7.0%). The largest detractors in August included oil & gas company Santos (-9.6%), QBE Insurance (-12.7%) respectively and transport company Kelsian (-28.4%).

The August reporting season reaffirmed our view that business conditions are difficult, leading to some extreme price movements. A trend we observed was the contrast between 'winners and losers': banks and resources, Medibank and NIB, Coles and Woolworths, REA and Domain, Collins Food and GYG to name several pairs.

Healthcare is an area we have spent a lot of focus – beyond the global excitement of GLP1/weight loss wonder drugs. The implications are possibly only beginning to be felt across several industries. Over the long term, we believe investors will likely focus less on how GLP1s affects the pharmaceutical companies and more on how it affects food and snack companies and beverage companies, for example. An interesting theme regarding the future of healthcare as we look into the next 5 to 10 years is about the processes that follow the production of healthcare products or services. In our opinion, innovation in manufacturing matters a lot – particularly the ability to scale for multi years or possible multi-decade growth. This is evident in the best in class globally relevant health care companies listed on the ASX such as CSL, Fisher & Paykel Healthcare and Resmed. All three companies have a strong track record of investing heavily into their processes which are expected to deliver long term margin improvements. More recently, Resmed had a strong August after delivering a result that demonstrated gross margin expansion that underscored its market leadership position in the Obstructive Sleep Apnea market. Likewise, CSL is expected to reap multi-year margin benefits from its investments into the Rika plasmapheresis device which would drive down collection costs per litre of plasma from less wastage and faster patient throughput.

Top contributors (absolute)	Sector
Regis Healthcare	Health Care
Resmed	Health Care
REA Group	Communication Services

Top detractors (absolute)	Sector
Santos	Energy
QBE Insurance Group	Financials
Kelsian	Industrials

Platforms
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Power Wrap

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