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

- A US interest cut followed by unexpected Chinese monetary and fiscal stimuli were key factors underpinning a surge in equities.
- The fund's return of +3.1% for September was below both the Small Ordinaries Accumulation Index (+5.1%) and the Small Industrials Accumulation Index (+4.3%).
- Sell discipline is not often spoken about, but is very important to investment returns. The recent exit of one of our holdings shines a light on how we apply this as part of our investment process.

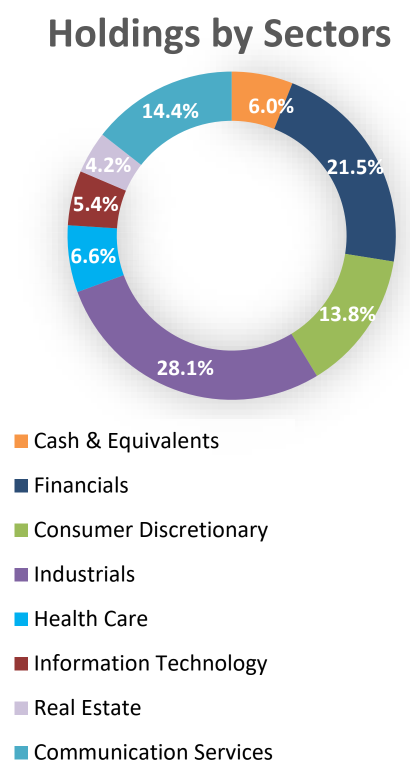
	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	11.3%	8.0%	3.3%
7 Years (p.a.)	11.3%	8.0%	3.3%
5 Years (p.a.)	11.1%	8.0%	3.1%
3 Years (p.a.)	1.4%	8.0%	(6.6%)
1 Year	12.6%	8.0%	4.6%
3 Months	4.2%	2.0%	2.2%
1 Month	3.1%	0.6%	2.5%

* 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%	(1.4%)	3.1%	-	-	-	-	-	-	-	-	-	**4.2%**	**161.7%**

Top five holdings (alphabetical order)	Sector
AUB Group Limited	Financials
EQT Holdings Limited	Financials
News Corporation	Communication Services
Propel Funeral Partners Limited	Consumer Discretionary
Regis Healthcare Limited	Health Care

* The top five holdings make up approximately 22.3% of the portfolio



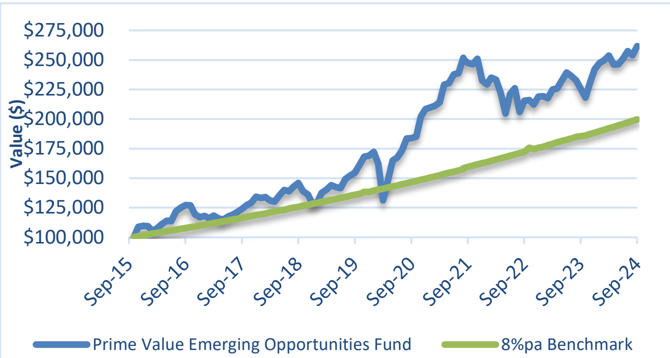
Feature	Fund facts
Portfolio Manager	Richard Ivers & Mike Younger
Investment objective	Achieve superior total returns by providing medium to long term capital growth by investing in smaller capitalisation companies.
Benchmark	8% p.a.
Inception date	8 October 2015
Typical number of stocks	25 - 50
Cash	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

September saw equities gain with the MSCI Developed Markets Index increasing by +1.5%, while the S&P500 Index also rose by +2.1% in local currency terms. The Nasdaq gained 2.7% whilst the Dow Jones posted a gain of 1.8%. The MSCI World Developed markets Index rose +1.9% in US Dollar terms, underperforming relative to the Emerging markets Index, which rose by +7.1% in US Dollar terms.

The Australian 10-year government bond yield rose by 1 basis point over the month to 3.97%, contrasting to the 13 basis point decline in US yields to 3.79%. Commodity prices were mixed through the month. Brent Oil fell by US$6.82 to US$71.98/bbl, whilst Iron Ore prices rose by US$10.50 to US$113.00/Mt on the back of monetary and fiscal policy stimulus from Chinese authorities. Gold rallied as much as ~6% to a peak in September, with prices up US$148.05 to US$2,661.85 per ounce.

September saw an improvement from August with a return of +3.1% for the ASX300 Accumulation Index, the fifth consecutive monthly gain and a new high set for the broad ASX index. Beneath the headline indices, aggressive rotation towards the Materials sector, at the expense of banks and other defensive sectors, occurred as easing signals from the US and China resulted in a strong pivot by investors. Materials were the standout sector for the month, contributing +250bps. Real Estate (+46bps), Technology (+22bps) and Discretionary (+12bps) followed, adding additional alpha for the month. Index performance was lost through Healthcare (-32bps), Staples (-7bps) and Communication Services (-3bps). Within sectors, Materials were supported by BHP (+133bps) as the largest single stock contributor for the month. All size biased indices closed higher for month. The Small Ordinaries Index posted the best return for the month, while healthy returns were posted across the top 20-300 Indices.



This graph shows how $100,000 invested at the Fund's inception has increased to $261,700 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $199,700 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)	$2.0869
Withdrawal price (Cum)	$2.0703
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 +3.1% in September, which was below both the Small Ordinaries (+5.1%) and Small Industrials (+4.3%) Accumulation Indices. The Small Resources Accumulation index was particularly strong (+7.2%).

Key fund contributors for the month were **Regis Healthcare** (REG +22.0%), **Austal** (ASB +24.4%) and **Capitol Health** (CAJ +17.1%). Key detractors were **SG Fleet** (-8.6%), **News Corporation** (NWS -5.0%) and **Propel Funeral Partners** (PFP -4.1%).

Regis Healthcare (REG) was the beneficiary of further regulatory reform, with key legislation passed allowing aged care operators to retain 2% of Refundable Accommodation Deposits per annum (capped at 5 years). This alone has the potential to add >25% to group pre-tax profit by FY28.

Austal (ASB) was awarded a US$450m contract by General Dynamic Electric Boat (via the US Navy) to fund the expansion of its submarine capability, highlighting the company's strategic importance to the US Navy. With the assets built to remain ASB's property, this contract will increase the company's total asset base by >30%.

Capitol Health (CAJ) shares rose following news that Lumus Imaging, one of its largest competitors, is to be acquired by private equity for a higher than expected sum that reflects a FY24 EBIT multiple (pre AASB16) of c.25x, which compares to IDX's proposed acquisition of CAJ at c.17x.

None of the fund's weakest performing stocks produced negative news over the month, with **News Corporation** (NWS) shares softer as its 61% owned subsidiary, Realestate.com.au (REA), launched what proved to be a failed takeover attempt of the UK's leading property portal, Rightmove.

As investment managers, we face two key decisions – when to buy, and when to sell. The latter gets less air-time, yet is very important to returns, and is part science and part art. We do not believe in being rigid when it comes to valuation, as things change through time and companies that positively surprise can at times have a knack of continuing to positively surprise, resulting in a compounding of returns and a share price rising to levels not previously anticipated by long-term valuations. However, our focus is always on ensuring our return expectation of >10%pa can be met.

As mentioned last month, we have been rotating out of some of our winners. **HUB24** (HUB) is an example of one such winner that we recently exited, following a stellar run which saw the fund almost double its investment over 15 months. While we continue to expect strong long-term earnings growth from the company, achieving our >10%pa return requirement had become less certain. Looking back three years ago, consensus expectations were for HUB to achieve EPS of $1.06 in FY25 and $1.42 in FY26. Since then, the company has benefited from favourable market conditions, with the ASX 200 Accumulation index +26% (or 8%pa) an unprecedented level of adviser churn and some unexpectedly large client transitions. Yet today, consensus forecasts are for EPS of $1.11 in FY25 (+5% from 3 years ago) and $1.34 in FY26 (-6%). And so with the earnings outlook little changed over the past 3 years, a share price that had almost doubled, and a P/E multiple that had re-rated to >45x, we struggled to see our >10%pa return being achieved and exited the stock.

Top Contributors (Absolute)	Sector
Regis Healthcare	Health Care
Austal	Industrials
Capitol Health	Health Care
Top Detractors (Absolute)	**Sector**
SG Fleet	Industrials
News Corporation	Communication Services
Propel Funeral Partners	Consumer Discretionary

Platforms
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama, AMP North, Praemium