

Prime Value Opportunities Fund Fund Update (Class A and B) – Sep 2024



- An US interest cut followed by unexpected Chinese monetary and fiscal stimuli were key factors underpinning a surge in equities.
- The ASX300 Accumulation Index rose 3.1% underpinned by an aggressive rotation to the resources sector late in the month.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	9.9%	8.0%	1.9%
10 Years (p.a.)	8.4%	8.0%	0.4%
7 Years (p.a.)	8.2%	8.0%	0.2%
5 Years (p.a.)	8.1%	8.0%	0.1%
3 Years (p.a.)	4.5%	8.0%	-3.5%
1 Year	20.6%	8.0%	12.6%
3 Months	4.8%	2.0%	2.8%
1 Month	2.7%	0.7%	2.0%

* 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.

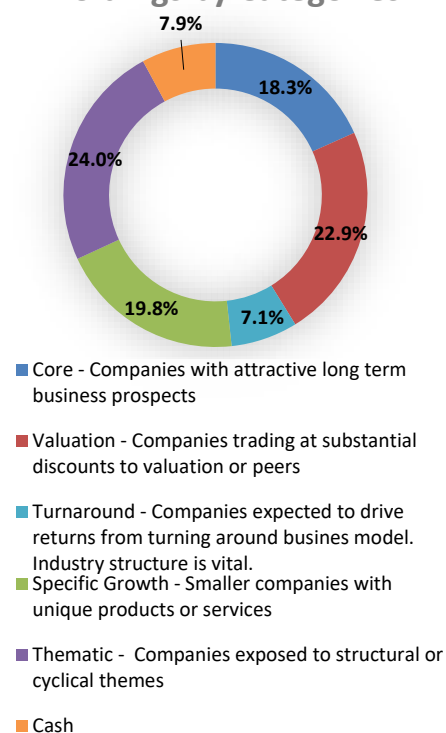
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%)	2.7%										4.8%	208.7%

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

The top five holdings make up approximately 37.6% 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

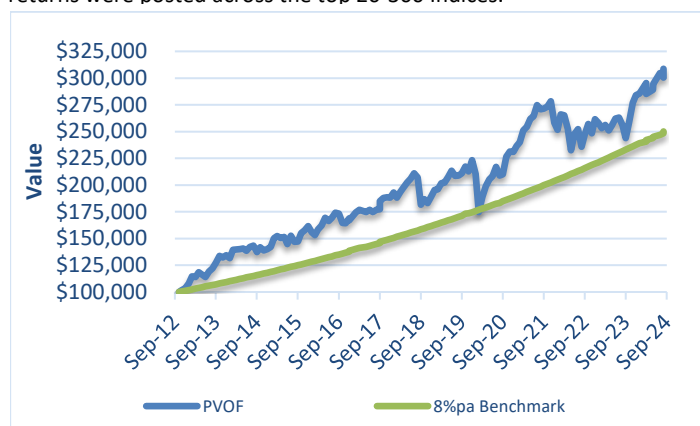


Market review

September saw equities gain with the MSCI Developed Markets Index increase 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 points 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 rising by US\$148.05 over the month 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 in September 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 \$308,700 (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 \$250,100 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 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)	\$1.7216	\$1.6932
Withdrawal price (Cum)	\$1.7086	\$1.6804
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

We are pleased with the Fund's 2.7% gain in September, particularly against the returns of the broader ASX indices that have been disproportionately driven by a narrow group of companies: for the first eight months of this year, by the large commercial banks, then followed by the large mining companies in September. Not unlike the US equity market, where returns have driven by a narrow group of technology companies, the returns of the ASX indexes have been disproportionately driven by a narrow group of banks. Notably, the Fund has significantly lower exposure to banks and mining companies relative to the ASX300 Index—we have always found opportunities outside of the large banks and miners, in all market cycles, that have made significant contribution to fund performance. The Fund is up by 4.8% for the FYTD25 (or September 2025 quarter) and 20.6% on a 1-year basis.

The largest contributors to performance in September included aged-care provider Regis Healthcare (+20.7%), ship building company Austal (+24.4%) and BHP (+12.7%). CSL (-6.6%) was a large detractor to performance as investors rotated from the more defensive segments of the market. Other detractors included Commonwealth Bank (-2.9%) and News Corp. (-5.4%).

Outlook: As at end of September, we owned 33 investments, although several investments are in transition out of the portfolio. The top 10 holdings represented 54% of the Fund's total investments with 20% of the top 10 holdings accounted for by stocks outside of the top 100 largest companies. These ex-100 stocks were all smaller cap businesses at the time of investment and have become top 10 positions through stock price appreciation.

The ASX has begun the fourth quarter of 2024 robustly. There is now more conviction that trends are in place to enable the US Federal Reserve (Fed) to reduce interest rates well into 2025. The bull case from here is that the Fed can commence monetary policy easing while economic growth holds on at reasonably healthy level, without a recession. Under this scenario, earnings outlook will improve which would drive improvement in consumer sentiment and unlock growth in the important housing market. The bear case is that the US economy is only starting to slow from the weight of the extensive rate hikes; and that investors need to be cautious of a stretched US market with stocks trading at high valuations. Whilst we recognise both sides of the debate, making investment decisions based on these big-picture developments is fraught with risks that is compounded by the unpredictability of market sentiment. Rather, we are confident that our approach to invest in quality companies across different industries that have similar characteristics and are well managed with good growth opportunities will deliver solid long-term returns for investors.

Top contributors (absolute)	Sector
BHP Limited	Materials
Regis Healthcare	Health Care
Austal Limited	Industrials

Top detractors (absolute)	Sector
CSL Limited	Health Care
Commonwealth Bank	Financials
News Corp. Limited	Communication Services

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

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