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

- Equities were softer into the end of the month as the US election neared. With the result now finalised, markets have responded positively.
- The fund's return of +1.2% for October was above both the Small Ordinaries Accumulation Index (+0.8%) and the Small Industrials Accumulation Index (-1.1%).
- The last 12 months has delivered relatively consistent positive returns with the fund up 10 of the 12 months and 1 year returns at +21%. Markets, and the fund, are responding positively to resilient global economic growth and the beginning of the global rate cutting cycle.

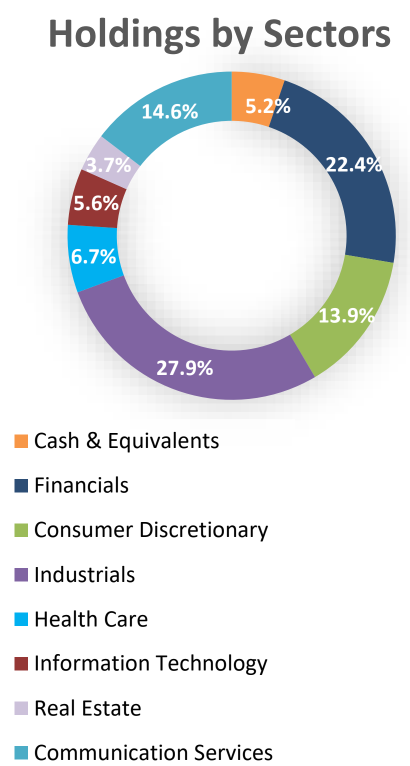
	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	11.3%	8.0%	3.3%
7 Years (p.a.)	11.0%	8.0%	3.0%
5 Years (p.a.)	10.4%	8.0%	2.4%
3 Years (p.a.)	2.3%	8.0%	(5.7%)
1 Year	21.4%	8.0%	13.4%
3 Months	2.9%	2.0%	0.9%
1 Month	1.2%	0.7%	0.5%

* 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%	1.2%	-	-	-	-	-	-	-	-	**5.5%**	**164.9%**

Top five holdings (alphabetical order)	Sector
AUB Group Limited	Financials
Hansen Technologies Limited	Information Technology
News Corporation.	Communication Services
Propel Funeral Partners Limited	Consumer Discretionary
Regis Healthcare Limited	Health Care

* The top five holdings make up approximately 22.8% of the portfolio



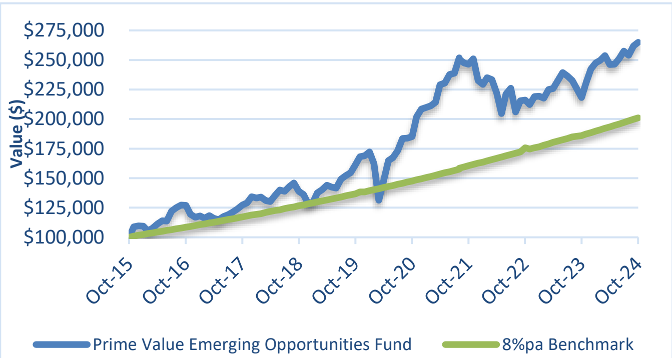
Feature	Fund facts
Portfolio Manager	Richard Ivers & Mike Younger
Investment objective	Achieve superior total returns by providing medium to long term capital growth by investing in smaller capitalisation companies.
Benchmark	8% p.a.
Inception date	8 October 2015
Typical number of stocks	25 - 50
Cash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

Investor anxiety rose toward the end of the month as the US election drew closer and the outcome was uncertain. This was resolved in November and markets have responded positively at the time of writing. The MSCI Developed Markets Index fell 0.9% in October, while the S&P500 Index also fell 0.9% in local currency terms. Emerging markets underperformed Developed markets, falling 2.1%. Notably the MSCI Asia ex Japan Index fell 2.6% as investor sentiment deteriorated on disappointing Chinese economic stimulus announcements. In contrast, Japan was the only major stock market to rise in October with the Nikkei 225 +3.1%.

The Australian 10-year government bond yield rose by 53 bps over the month to 4.51%, similar to the 50 bps increase in US bond yields to 4.28%. Commodity prices were mixed. Brent Oil rose US$0.78 to US$72.55/bbl, whilst Iron Ore prices fell US$8.00 to US$105.00/Mt. Gold rose 5%, which is still in an uptrend driven by geopolitical tensions and central bank demand. The gains in gold stocks are even more surprising given the historical inverse correlation to the US 10-year bond yield.

The ASX300 Accumulation Index declined 1.3%. The Resource sector was a key drag on the market with a decline of 5.1%. The market continued to focus on China stimulus measures that had initially triggered a rotation out of Banks and into Resources. However, the rotation trade faded, with Banks recovering from month lows and Resources faded at month end. Financials, Health Care and Communication Services were the best performing sectors whilst the Utilities, Staples and Materials sectors were the worst. Financials (+104bps) added the most value in October, however losses across Materials (-110bps), Discretionary (-28bps) and Staples (-27bps) were too large to offset. With the exception of the Small Ordinaries Index, September performance reversed with all size-biased indices closing lower in October. Mid Caps were the worst performing, while Small Ordinaries (+0.8%) the best.



This graph shows how $100,000 invested at the Fund's inception has increased to $264,900 (net of fees). This compares with the return of the benchmark, where a $100,000 investment would have increased to $201,000 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)	$2.1125
Withdrawal price (Cum)	$2.0957
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 +1.2% in October, which was above both the Small Ordinaries (+0.8%) and Small Industrials (-1.1%) Accumulation Indices.

The fund has invested in Austal (ASB) for c. 3 years. It is a ship builder with operations in Australia, US, Philippines and Vietnam. As an investment, it has tested our patience at times with cost over-runs and government regulatory investigations of previous management. Despite these short-term issues, the long-term value being created was clearly visible. ASB was winning large, long-term contracts with the US Navy and being gifted c. A$750m from the US government to build infrastructure (of which ASB retains ownership) for the capacity to fulfil future contracts. This clearly illustrates ASB's important role in the future of the US industrial defence industry thereby providing confidence in the duration of ASB's future earnings.

ASB has also entered a heads of agreement with the Australian government to become Australia's shipbuilder of choice for a 20+ year program of shipbuilding. Importantly this will provide a more consistent program of work that avoids the boom/bust of the past. ASB estimates the volume of work at over $20bn over the 20+ years.

The type of work ASB undertakes for its customers varies from "support" whereby repair and maintenance work is done on existing vessels, to the construction of medical ships and modules for nuclear submarines.

From an investment perspective, ASB has intangible value in the form of trusted relationships with government in the sensitive defence industry, established ship building capabilities and a skilled workforce. It also has hard assets in the form of inventory and strategically located operational shipyards. After deducting liabilities, ASB's net tangible assets per share in June 2025 will be c. $4.40, c. 30% above the current share price of $3.40. We view asset backing as supporting the investment case and reducing downside risk, but more importantly the returns (nb cashflow) generated from these assets drive the investment case.

Future cashflows will come from its order book which is 1) broad in the form of multiple contracts across 14 vessel types, 2) large at $12.7bn including options (with upside from the likes of the Australian strategic shipbuilding agreement) and 3) long duration at 10+ years.

With the order book providing future visibility, we expect revenues to more than double over the next 5 years and earnings to increase much faster, from a low base in the FY24 year.

Other favourable characteristics to the business include non-cyclical earnings, high barriers to entry, increasing defence spend by its largest customers, likely return of commercial shipping demand (post -covid) and a recent takeover offer from South Korea's Hanwha Ocean.

Having held the stock for c. 3 years with an average entry price of $2.30, it is only in the last 2 months when we have generated a return on that investment. To us this highlights the importance of patient investing. Value creation can be observed over long periods of time yet this is often not reflected in the market valuation of that value. When it is reflected, it can happen very quickly.

Top Contributors (Absolute)	Sector
News Corp	Communication Services
Qualitas	Financials
Austal	Industrials
Top Detractors (Absolute)	**Sector**
Webjet	Consumer Discretionary
IPH	Industrials
Restaurant Brands	Consumer Discretionary

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