

# Prime Value Emerging Opportunities Fund (Class B) Update – November 2024



- Conclusion of the US election saw most stock markets post gains through November.
- The fund's return of +3.5% for November bettered the Small Ordinaries Accumulation Index (+1.3%) and was below the Small Industrials Accumulation Index (+3.9%).
- We highlight the fund's investment in SG Fleet just over 4 years ago, which has become the subject of a takeover offer. While exhibiting a volatile share price over time, the company's profit growth has been consistent, ultimately delivering the fund an IRR of 18%pa.

The Prime Value Emerging Opportunity Fund was established in 8 October 2015 with only one class of units (Class A units) until 31 January 2024 when a new class of units (Class B units) was created with a different performance fee structure to provide investors with an alternative. To give a longer-term view of performance in the table below we have also shown longer term returns for the Class A units. Class B units have identical investments and calculation of management fees however, the returns may differ reflecting differences in the calculation of performance fees.

	Class B Total Return*	Class A Total Return*	Small Ordinaries Accumulation	Value Add	Small Industrials Accumulation	Value Add
7 Years (p.a.)	-	11.2%	5.3%	5.9%	5.3%	5.9%
5 Years (p.a.)	-	10.1%	4.6%	5.5%	3.7%	6.4%
3 Years (p.a.)	-	3.4%	-0.1%	3.5%	0.5%	2.9%
1 Year	-	18.1%	19.9%	-1.8%	25.5%	-7.4%
3 Months	9.1%	-	7.3%	1.8%	7.2%	1.9%
1 Month	3.5%	-	1.3%	2.2%	3.9%	-0.4%

\* 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 an indicator of future performance.

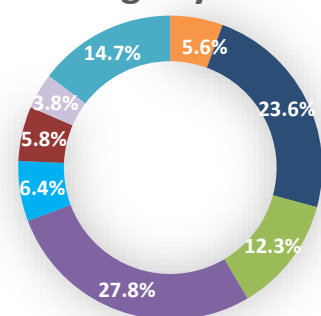
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2024	-	-	-	-	-	-	-	0.9%	1.8%	(3.3%)	0.2%	1.9%	1.4%	1.4%
FY 2025	3.2%	(1.8%)	3.9%	1.5%	3.5%	-	-	-	-	-	-	-	10.3%	12.1%

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 23.1% of the portfolio

Feature	Fund facts
Portfolio Manager	Richard Ivers & Mike Younger
Investment objective	The Fund seeks to achieve strong total investment returns by providing medium to long term capital growth through investing predominantly in companies listed on the Australian Stock Exchange with smaller capitalisations. A long only concentrated fund that leverages Prime Value's fundamental research capabilities while minimizing the risk of permanent capital loss
Benchmark	Small Industrials Accumulation Index (XSIAI)
Fund Inception date	8 October 2015
Class B commencement date	31 January 2024
Typical number of stocks	25 - 50
Cash	0 - 20%
Unlisted Exposure	0 - 20%
International Exposure	0 - 20%
Distributions	Half-yearly

## Holdings by Sectors



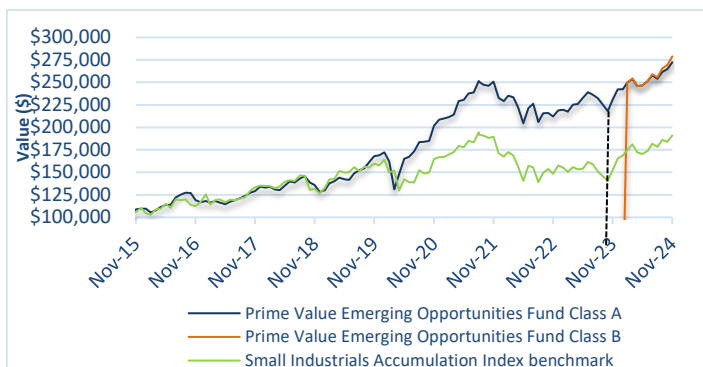
- Cash & Equivalents
- Financials
- Consumer Discretionary
- Industrials
- Health Care
- Information Technology
- Real Estate
- Communication Services

## Market review

Global stock markets posted good gains through November. Notable macro news flow this month was of course Donald Trump winning the US presidential election with markets starting to react to potential policy changes across immigration, tariffs, healthcare and climate change. The MSCI Developed Markets Index increased by 4.9% through the month, with the US S&P 500 Index gaining 5.9% for its largest monthly rise this year and the Nasdaq Index up 6.1%. In contrast, emerging markets posted mixed performance. Both the Chinese and Japanese (albeit a major market) stock markets struggled through the month due to a combination of concerns of potential negative impacts from US policy changes and domestic growth prospects.

The Australian 10-year government bond yield rallied 16 basis points over the month down to 4.34%. Brent Oil and Iron Ore prices were largely flat over the month, whilst gold prices fell from the October's all-time highs. Trump trades continued to support US Dollar strength, up ~2% for the month. The Australian Dollar depreciated by 1.2% against the US Dollar but was unchanged against its major trading partners as measured by the Trade Weighted Index.

Returns were positive across all size biased indices on the ASX in November, with the Mid Cap sector performing the best (+5.7%). Broadly the ASX300 Accumulation Index rose 3.7% but lagged its developed market peers. Technology was the best performing ASX sector in November, replicating enthusiasm in the US technology sector, with Utilities and Discretionary also performing well. However, Financials accounted for over 60% of the index gains, through the Banks (+169bps), supported by Insurance (+41bps), Discretionary (+51bps), Industrials (+40bps) and Technology (+32bps). On the flip side performance was lost largely through the Materials sector (-55bps).



This graph shows how \$100,000 invested in the Prime Value Emerging Opportunity Fund Class A at the Fund's inception has increased to \$272,400 (net of fees). This compares with the return of the benchmark (Small Industrials Accumulation Index), where a \$100,000 investment would have increased to \$191,200 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.

	Investment (Class B)
APIR Code	PVA3186AU
Minimum Investment	\$20,000
Issue price (Cum)	\$1.1029
Withdrawal price (Cum)	\$1.0941
Distribution (30/06/2024)	\$0.0201
Indirect Cost Ratio (ICR)	1.25%*
Performance fee	20%**

\* Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC  
 \*\*Of performance (net of management fees) in excess of the agreed benchmark.

## Fund review & strategy

The fund returned +3.5% in November, above the Small Ordinaries (+1.3%) and below the Small Industrials (+3.9%) Accumulation Indices.

Key fund contributors for the month were **Hansen Technologies** (HSN +16.9%), **SG Fleet** (SGF +22.1%) and **Pinnacle** (PNI +16.4%). Key detractors were **City Chic** (CCX -31.1%), **IPH** (IPH -6.0%) and **Qualitas** (QAL -7.3%).

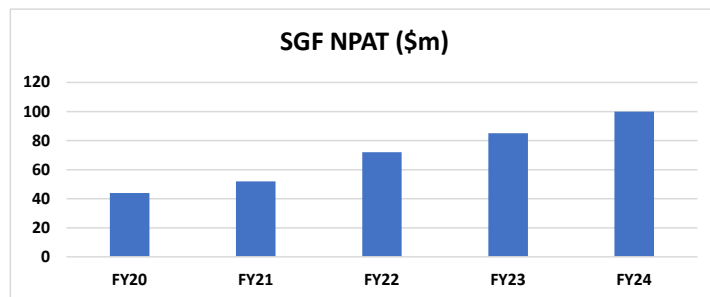
It was a notable month for corporate activity which can signal corporate confidence over the economy's health. Takeover bids were offered for companies including SG Fleet (one of the fund's holdings – see below), Silk Logistics, Sayona Mining, Close the Loop, Pacific Smiles and AVJennings. Large secondary raisings were undertaken by Pinnacle and MAAS Group, as were the IPOs of Symal Group and Cuscal.

As mentioned above, **SG Fleet** (SGF) was the recipient of a non-binding, indicative takeover offer from a private equity firm, priced at \$3.50ps, which was a 31% premium to its prevailing share price and a level at which the stock had not traded at for around six years. Should the takeover proceed, the investment will have delivered a return of 18%pa.

The fund first invested in SGF just over 4 years ago and it has been a bumpy ride in share price terms with the stock trading between \$1.42-3.23ps over the journey.



The same cannot be said for the company's profit profile, however, which has shown consistent growth over this time, save for the transformational acquisition of LeasePlan which saw a step-change in profits from FY22.



This is a timely example of the opportunities that the share market can provide. Share prices often trade well below or well above a company's true value, but underlying profits ultimately determine what that value is, and share prices eventually reflect this.

Top Contributors (Absolute)	Sector
Hansen Technologies	Information Technology
SG Fleet	Industrials
Pinnacle Investment Management	Financials
Top Detractors (Absolute)	Sector
City Chic	Consumer Discretionary
IPH Limited	Industrials
Qualitas	Financials
Platforms	
Netwealth, Hub24	

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS), an Information Memorandum (IM) or an offer of units and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Fund must obtain and read the IM or PDS (as the case may be) dated 30 November 2024 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited (ABN 23 080 376 110 and AFSL 222 055) nor its associates or directors, nor any other person, guarantees the success of the Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor investment.