

# Prime Value Opportunities Fund

## Fund Update (Class A and B) – Dec 2024



- Global stock markets were weaker in December following a more hawkish-than-expected US Federal Reserve update during the month.
- The ASX300 Accumulation Index closed December down 3.1% but gained 11.4% in 2024 with strong contributions from banks and tech companies.
- The Fund performed broadly in line with the market in December and gained 11.9% in 2024. As in previous years, Fund outperformance was driven by excellent stock selection, with Pinnacle Investments a key contributor to performance in 2024.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	9.8%	8.0%	1.8%
10 Years (p.a.)	8.3%	8.0%	0.3%
7 Years (p.a.)	7.4%	8.0%	-0.6%
5 Years (p.a.)	7.8%	8.0%	-0.2%
3 Years (p.a.)	3.6%	8.0%	-4.4%
1 Year	11.9%	8.0%	3.9%
3 Months	0.4%	2.0%	-1.6%
1 Month	-3.1%	0.7%	-3.8%

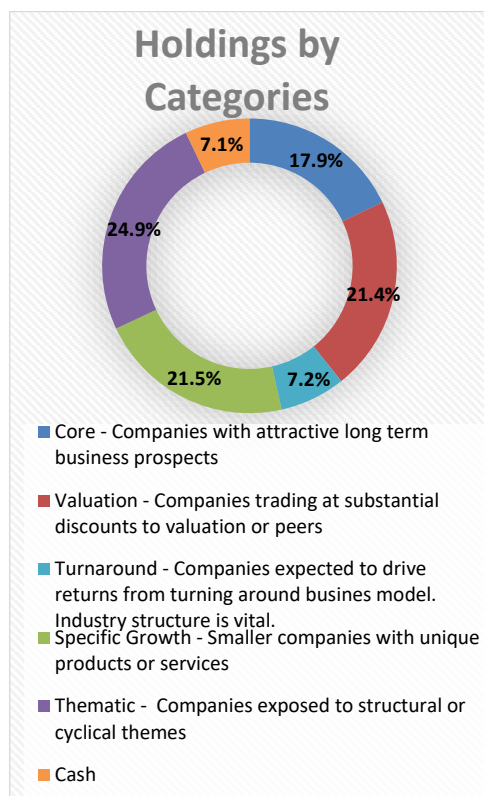
\* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%	0.0%	3.7%	(3.1%)							5.4%	210.0%

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 36.4% of the portfolio

Feature	Fund facts%
Portfolio Manager	ST Wong
Investment Objective	The Fund seeks to achieve absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark. The composition of the Fund will differ from the typical Australian equity fund.
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



# The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV

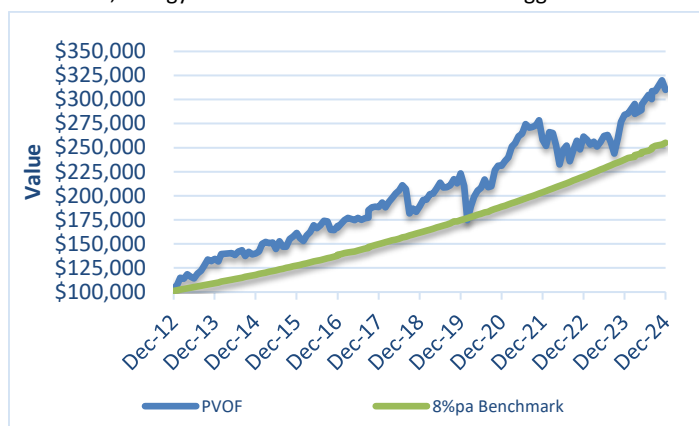
## Market review

Global stock markets softened through December, as hawkish US interest rate data prompted somewhat of a 'reassessment' on stock valuations that had already priced in much optimism. The MSCI Developed Markets Index fell 1.9% through the month. In the US, the S&P500 and Dow Jones indices fell -2.5% and -5.3% respectively driven by a shift in US FOMC projections which saw inflation forecasts revised higher and a move in the US Federal Reserve dot plots, implying fewer interest rate cuts ahead. However, the Nasdaq Index rose 0.5% on continued enthusiasm for technology stocks.

All of the major currencies appreciated against the Australian Dollar in December, with the US Dollar appreciating 5.2%.

Australian equities reversed the gains posted in November, with the S&P/ASX300 Accumulation Index closing the month 3.1% lower. The ASX reached a new all-time high early in the month but faced significant selling pressure following the more hawkish tone from the US Federal Reserve. The REITs sector was impacted the hardest, ending the year at 4-month lows. Materials, banks and technology sectors also performed poorly for the month with the consumer staples, utilities, industrial and energy sectors posting minor gains. The S&P/ASX300 Index underperformed the Small Ordinaries by 0.1% in December, with the underperformance driven by a weaker ASX300 Resources sector.

All size biased indices closed higher in 2024, with midcaps outperforming large and small cap counterparts, returning +12.4% including dividends. Industrials were preferred over Resources for the duration of 2024, with the performance spread widest across large and midcap sectors. Technology, Financials and Discretionary sectors performed best, on the other hand, Energy and Materials were the notable laggards.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$310,000 (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 \$255,100 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 (Ex)	\$1.6900	\$1.6619
Withdrawal price (Ex)	\$1.6772	\$1.6493
Distribution (31/12/2024)	\$ 0.0390	\$ 0.0385
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 performed in line with the ASX300 Accumulation Index in December and was down 3.1% over the month. For the year, the Fund was up 11.9%, the second consecutive year of double-digit gains. Pleasingly, Fund performance in 2024 continued to be driven by good stock selection, within a well-diversified portfolio of strong companies helmed by excellent management team—this contrasts the performance of the ASX, which has been driven by the outsized contribution of the major banks to the ASX300 Index's 11.4% gain in 2024.

The largest contributors to Fund performance December included Tuas Limited (+14.0%), Auckland Airport (+10.5%) and IT company Infomedia (+11.6%). Regis Healthcare (-10.2%) was a large detractor to performance as investors took some profits following Regis's 84.6% share price appreciation in 2024. Other detractors included Commonwealth Bank (-3.4%) and National Australia Bank (-5.1%)

Outlook: Following 2 years of consecutive double digit returns on the ASX, the common question we are being asked is whether the double-digit returns can run for a third year. First, it's too early to tell. Second, we can't predict where 2025 will take us. Fortunately, our key asset is our focus on our bottom-up research process. We pick companies and not markets nor sectors—this allows us to compare and contrast investment opportunities in a risk-adjusted way. By keeping an open mind, staying nimble and not wedded to singular views we believe opportunities exists in and out of market cycles. Our recent investment into Auckland Airport is an example of such opportunities. Auckland Airport is a major gateway into New Zealand and operates a monopoly asset. We categorise Auckland Airport under the Asset Realisation investment category—our investment coincided with several realised airport sales in Australia that suggest Auckland Airport was trading at a significant discount to peer airports. The investment case was strengthened by its proposed NZ\$2.2bn investment into its domestic terminal. Designed to replace ageing 1960s era infrastructure, expand the capacity and facilities of the asset as well as upgrading the airfield and runway, this project is aimed at growing the airport. Overtime, we believe Auckland Airport should grow its revenues and profitability to the benefits of shareholders.

Top contributors (absolute)	Sector
Tuas Limited	Communication Services
Auckland Airport	Industrials
Infomedia	Technology

Top detractors (absolute)	Sector
Regis Healthcare	Health Care
Commonwealth Bank	Financials
National Australia Bank	Financials

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

**Contact details:**  
 Andrew Russell - Director, Investor Relations  
[arussell@primevalue.com.au](mailto:arussell@primevalue.com.au)  
 Daniel Leong - Director, Investor Relations  
[daniel.leong@primevalue.com.au](mailto:daniel.leong@primevalue.com.au)

**Mail:**  
 Prime Value Asset Management Ltd  
 Level 9, 34 Queen Street, Melbourne  
 VIC 3000  
 T: 03 9098 8088  
 E: [info@primevalue.com.au](mailto:info@primevalue.com.au)  
 W: [primevalue.com.au](http://primevalue.com.au)

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.