

Prime Value Emerging Opportunities Fund Update (Class A) – January 2025



- Global equities were positive in January, continuing the strength from last year into 2025.
- The fund's return of +2.3% for January was below the Small Ordinaries Accumulation Index (+4.6%) and the Small Industrials Accumulation Index (+3.3%). The month saw particular strength in Resource stocks (Small Resources Accumulation Index +8.3%).
- We highlight the fund's recent investment in Cuscal following its IPO in November, offering a unique exposure to the structural growth of Australia's payments industry at an attractive valuation.

	Total Return*	Benchmark (8% pa)	Value Add
Since Inception (p.a.)	11.5%	8.0%	3.5%
7 Years (p.a.)	11.0%	8.0%	3.0%
5 Years (p.a.)	10.0%	8.0%	2.0%
3 Years (p.a.)	6.0%	8.0%	(2.0%)
1 Year	11.8%	8.0%	3.8%
3 Months	4.5%	2.0%	2.5%
1 Month	2.3%	0.7%	1.6%

* 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.

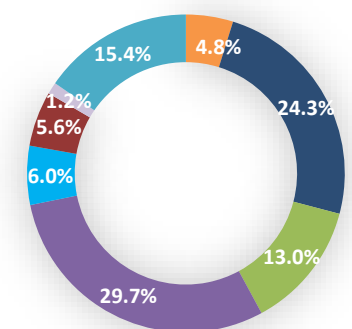
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2016				2.5%	6.3%	0.7%	(0.2%)	(3.9%)	2.4%	3.3%	2.4%	(0.2%)	13.8%	13.8%
FY 2017	7.4%	2.5%	1.6%	(0.3%)	(6.0%)	(2.0%)	1.1%	(1.6%)	1.8%	(1.8%)	(1.2%)	2.5%	3.4%	17.6%
FY 2018	1.3%	1.8%	2.3%	2.7%	1.5%	3.9%	(0.8%)	0.6%	(2.2%)	(0.5%)	3.9%	3.4%	19.0%	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%	2.8%	(0.7%)	2.3%	-	-	-	-	-	10.2%	176.8%

Top five holdings (alphabetical order)	Sector
AUB Group Limited	Financials
Hansen Technologies Limited	Information Technology
News Corporation Limited	Communication Services
Pinnacle Investment Management Group	Financials
Propel Funeral Partners Limited	Consumer Discretionary

* The top five holdings make up approximately 22.4% 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.
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

Holdings by Sectors



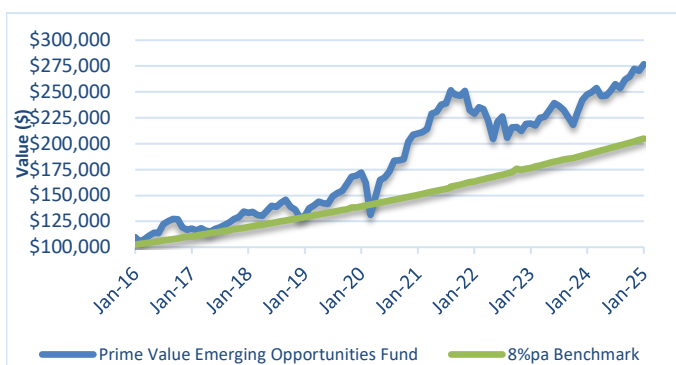
- Cash & Equivalents
- Financials
- Consumer Discretionary
- Industrials
- Health Care
- Information Technology
- Real Estate
- Communication Services

Market review

Global equities were positive in January, continuing the strength from last year into 2025. The European market led Developed Market (DM) equities higher in the month (MSCI Europe +6.9%) while US equities also ended the month positive, reaching new record highs (S&P500 +2.8%). Emerging Market (EM) equities ended the month higher, despite China equities declining (MSCI Emerging Markets +1.8%; MSCI China +0.6%). Japanese equities also continued the positive trajectory of the last few months (TOPIX +0.2%).

Softer Australian CPI data has opened the door for a RBA rate cut — markets are priced for a February 2025 interest rate cut, but it could be a close call. The CPI data was muddled by government subsidies and the labour market has tightened, providing upside risk for future inflation. In contrast, the US Federal Reserve presented a more hawkish December 2024 FOMC meeting which disrupted markets last month.

Australia followed the trend, with the ASX300 Accumulation Index rising 4.5%. This more than made up for the decline at the end of 2024 and lifted the Australian market to a new high. The gains were part of a global risk-on rally, with Australia outperforming the S&P500 Index. Compositionally, Consumer Discretionary and Financial sectors led the gains, while defensive Utilities and Staples sectors were noticeable laggards. The ASX300 and Small Ordinaries indices performed inline in January. The returns for the ASX300 were driven by the 300 Industrials, whilst the Small Ordinaries returns were driven by the Small Resources. Gold (+15.2%) was the best performing sector, supported by a stronger gold price (+7.3%) as investors prepared for volatility following Trump's inauguration.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$276,800 (net of fees). This compares with the return of the benchmark, where a \$100,000 investment would have increased to \$204,900 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)	\$2.1737
Withdrawal price (Cum)	\$2.1563
Distribution (31/12/2024)	\$0.0323
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 +2.3% in January, below the Small Ordinaries (+4.6%) and the Small Industrials (+3.3%) Accumulation Indices.

January proved a "risk-on" month globally, with Australia outperforming following a lower than expected inflation print, increasing the chances of a local interest rate cut sooner rather than later. This particularly benefited the mining sector, with the Small Resources Index rising +8.3%, and representing 13 of the Top 20 index performers for the month.

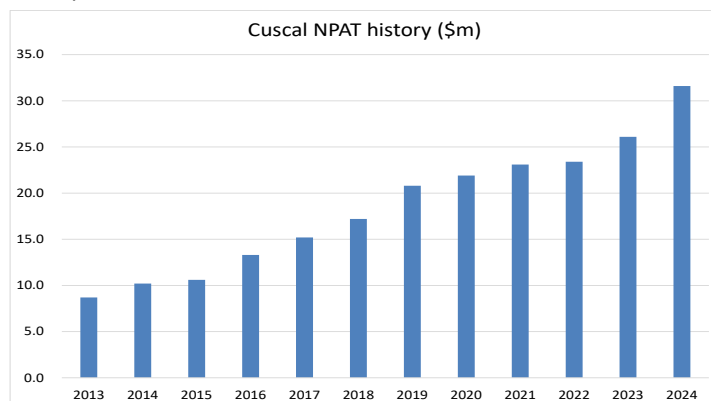
Key contributors for the month were **Austral** (ASB +23.5%), **Pinnacle** (PNI +12.0%) and **Regis Healthcare** (REG +9.0%). Key detractors were **NRW Holdings** (NWH -10.7%), **Redox** (RDX -6.8%) and **Qualitas** (QAL -5.1%).

A recent addition to the fund is **Cuscal** (CCL), which listed on the ASX in November. It offers a unique pure exposure to the payments industry as it is one of the few companies outside of the four major banks with direct access to Australia's payment rails, providing a high barrier to entry.

With its sole focus being on payments infrastructure, the company has also proven to be highly innovative, having been a founding shareholder of the New Payments Platform (NPP), and building digital bank 86400 in 2019 before selling it to NAB for \$262m in 2021.

As such, Cuscal is a popular service provider to non-major banks, financial institutions and fintech companies (who compete with the major banks), which sees it with an estimated payments market share of 8% (or 25% excluding the major banks).

Not only is the company exposed to a strongly growing industry (with payment volumes forecast to grow 11%pa to FY28), but it is more highly exposed to the stronger growing payment forms within the industry, namely NPP and debit cards.



As a company that has had a strong track record of profit growth and that we expect to generate relatively predictable high single digit revenue and profit growth over the medium-term, we view Cuscal's valuation as highly attractive, trading on a FY25 P/E of ~13.5x.

Further, the extent of the company's current investment into its nascent loss-making Regulated Data business is such that its underlying P/E is closer to 11x excluding this business.

Top Contributors (Absolute)	Sector
Austral	Industrials
Pinnacle Investment Management	Financials
Regis Healthcare	Health Care
Top Detractors (Absolute)	Sector
NRW Holdings	Industrials
Redox	Industrials
Qualitas	Financials
Platforms	
Netwealth, uXchange, Mason Stevens, Hub24, BT Panorama, AMP North, Praemium	

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.