Prime Value Enhanced Income Fund
Monthly Update – January 2025

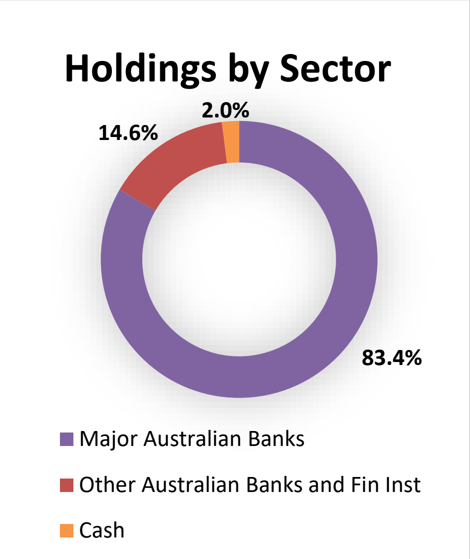
- The Fund's return for January 2025 was 0.39% after-fees. This return is above the Fund's benchmark return. For the past 12 months, the return was 4.87% after-fees (*excluding* franking credits) and 5.02% after-fees (*including* franking credits). These 12-month returns are also above the Fund's benchmark return.
- Markets in January 2025 were broadly stable as seen in equity markets in the US and Australia reaching new all-time highs or near to those highs, and credit spreads on bonds trading at low levels. However, there are several unresolved market, economic and geopolitical factors which may create higher volatility in markets. We will continue to manage the Fund's investment portfolio with the aim to risk manage the portfolio against uncertain markets and economic developments so that the Fund continues to meet its key objectives of capital preservation over the medium term and ongoing quarterly distributions to investors.

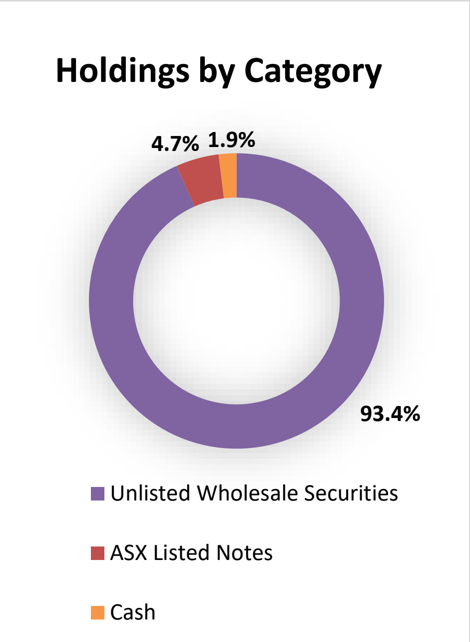
	Net Return	Net Return *including* Franking Credits**	Benchmark Return - 90 Day Bank Bill Rate (BBSW)
Since inception (p.a.)	**2.79%**	**3.19%**	2.01%
5 Years (p.a.)	**1.83%**	**2.02%**	2.10%
3 Years (p.a.)	**2.82%**	**2.99%**	3.46%
1 year	**4.87%**	**5.02%**	4.40%
6 Months	**2.79%**	**2.79%**	2.19%
3 Months	**0.84%**	**0.84%**	1.09%
1 month	**0.39%**	**0.39%**	0.36%

* Performance figures have been calculated in accordance with Financial Services Council (**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. Net returns are calculated after management fees.
**Returns grossed up for Franking Credits are estimates.

Major Holdings	Sector	Category
NAB	Banks	Unlisted Wholesale Securities
Westpac	Banks	Unlisted Wholesale Securities
CBA	Banks	Unlisted Wholesale Securities
ANZ	Banks	Unlisted Wholesale Securities
Australian Unity	Financial Institution	ASX Listed Notes

Feature	Fund Facts
Responsible Entity	Prime Value Asset Management Ltd (ABN 23 080 376 110; AFSL 222 055)
Investment Objective	The Fund aims to provide a regular income with capital stability (i.e. low variability in the Fund's unit price). Variations in the unit price can occur from time to time due to market factors and other factors influencing the prices of securities in the portfolio. The Fund targets a return to investors in excess of the 90 day Bank Bill Swap Rate (BBSW) as published by the ASX on its website (until 15 December 2020 the Benchmark rate was the Reserve Bank of Australia's cash rate). Our aim is for minimal risk of capital loss in the medium term.
Target Market	The Fund is for investors seeking a regular return above the 90-day BBSW rate from a diverse portfolio of investments with an emphasis on capital preservation.
Benchmark Return	90-day BBSW rate
Inception Date	3 June 2014
Interest Rate Reset Duration	Approx. 0.25 years
Distributions	Quarterly
Suggested Investment Period	1 + year
Minimum Investment	$50,000
Indirect Cost Ratio (ICR)	0.60% p.a.[1]
Issue price	$1.0009
Withdrawal Price	$1.0005
Distribution (31/12/2024)	$0.01





Fund review and strategy

The Fund's return for January 2025 was 0.39% after-fees. For the past 12 months, the return was 4.87% after-fees (*excluding* franking credits) and 5.02% after-fees (*including* franking credits). These 12-month returns are above the Fund's benchmark return. The next distribution will be paid in April 2025 for the March quarter 2025. Past performance is not a reliable indicator of future performance.

The two main risks faced by the Fund are a major setback in the Australian economy, or a large selloff in the major asset markets. Neither event occurred in 2024, nor so far in 2025, however there are several unresolved market, economic and geopolitical factors which may create higher volatility in markets in 2025.

The four major issues facing Australian financial markets at the moment are:

1. **RBA monetary policy** – Markets are pricing in a 90% chance of a 0.25% rate cut when the RBA meets on 18 February after the fall in inflation in the December quarter 2024. According to the ABS, the 'trimmed mean' or 'core' inflation rate (the RBA's preferred measure as it excludes volatile and 'one off' effects), fell to 3.2% (annual) from 3.6% in the prior quarter. While the 'headline' rate of 2.4% (annual) is now within the RBA's target 2-3% band, core CPI is still above the target band and unemployment continues at a historically low level of 3.9%. The key to a rate cut will be whether the RBA feels it can bring forward its forecast for core CPI to move into the target band (currently mid-2026). No doubt influencing the RBA is the downtrend in Australia's GDP growth rate with the latest ABS data for the September quarter 2024 showing GDP growth of only 0.8% (annual), the lowest since 1991 excluding the COVID affected period in 2020. Beyond the 0.25% rate on 18 February, the market is pricing in a further 0.50% of rate cuts this year.

2. **US Federal Reserve monetary policy** - The situation regarding the Fed's monetary policy is also unclear. The Fed cut its policy rate three times by a total of 1% in late 2024 but at its meeting in January 2025 the Fed decided to hold its policy rate steady. The expectation of further rate cuts by the Fed has been important to the stability of global markets through 2024. An important consideration for the Fed is how President Donald Trump's proposed agenda, particularly import tariffs, will impact markets and inflation. Any reduction in the market's expectation for further rate cuts will potentially weaken investor resolve leading to higher volatility in global markets.

3. **China** – China's official forecast is for 5% GDP growth in 2025 which is below China's historic trend growth rate. Several economists are forecasting growth to slow to 4.5% in 2025 and 4.2% in 2026. We are yet to see any significant improvement in China's economy from the stimulus measures in 2024. China's economy is important for Australia given the very close trading and investment ties between the two countries, and China's influence globally.

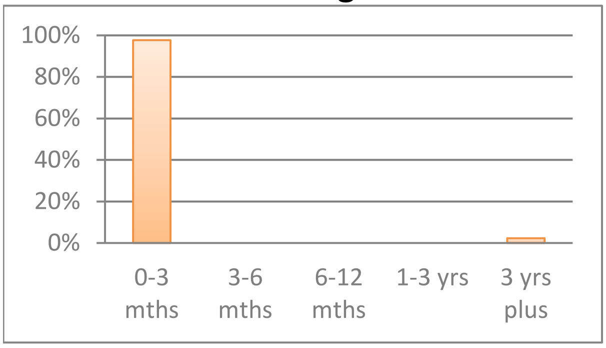
4. **Trade Issues** - Recently we saw President Trump begin to selectively impose higher import tariffs, which caused considerable volatility in equity, commodity and foreign exchange markets. Increased volatility in global markets will occur if trade issues and tensions between countries become widespread.

Other issues facing markets are the Australian federal election to be held by May 2025 and a number of ongoing geopolitical conflicts, or potential conflicts. So far, financial markets are not anticipating the federal election to cause any major problems or headwinds for the economy, but we remain very alert to the policies announced by the major political parties in coming weeks. In terms of geopolitical conflicts, the Russia/Ukraine conflict continues. The conflict between Israel and Hamas has moved off front page news headlines with the hostage exchange and ceasefire in January. However, this conflict and other Middle East conflicts such as between Israel and the Lebanese militant group Hezbollah remain quite fluid. These conflicts would need to escalate for volatility to increase in global markets.

In risk managing the Fund's investment portfolio, we do not make asset selections based on specific market outcomes or predicting economic data. Our aim is to risk manage the Fund's portfolio against uncertain markets so that the Fund continues to meet its key objectives of capital preservation over the medium term and ongoing quarterly distributions to investors.

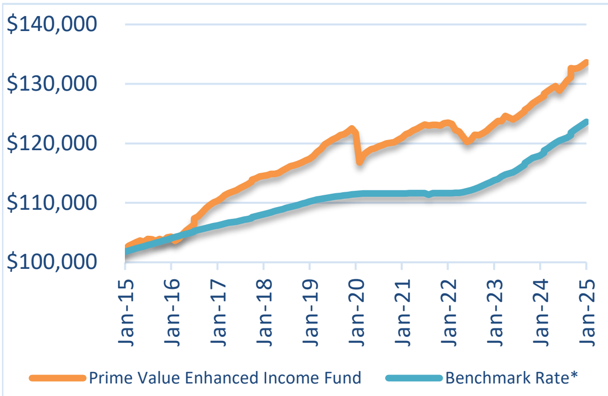
If you have any questions, please do not hesitate to arrange a call through your Investor Relations contact.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 3 months. The vast majority of securities in the Fund's portfolio have interest rates that reset every quarter and therefore benefit from the higher interest rates in the market.

Fund Performance



This graph shows how $100,000 invested at the Fund's inception has increased to $133,630 (net of fees). This compares with the Fund's benchmark return, where a $100,000 investment would have increased to $123,620 over the same period.

*The Benchmark Return was calculated by reference to the RBA Official Cash Rate until December 2020 and thereafter by reference to the 90-day BBSW rate

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