

# Prime Value Emerging Opportunities Fund (Class B) Update – March 2025



- Weakness in global equities continued into March, following a softer February.
- The fund's return of -3.0% for March outperformed both the Small Ordinaries Accumulation Index (-3.6%) and the Small Industrials Accumulation Index (-6.7%). This was despite the strength of the Small Resources Accumulation Index (+4.6%).
- While the fund does not invest in Resources, it has a history of outperforming in months that the Small Resources index rises. We believe this partially reflects the importance of Gold in the Resources index, which tends to outperform in times of turmoil, much like the fund.

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.)	-	10.6%	4.5%	6.1%	4.0%	6.6%
5 Years (p.a.)	-	15.1%	10.2%	4.9%	8.6%	6.5%
3 Years (p.a.)	-	4.1%	-0.8%	4.9%	0.4%	3.7%
1 Year	5.9%	-	-1.3%	7.2%	-3.8%	9.7%
3 Months	-2.0%	-	-2.0%	0.0%	-6.0%	4.0%
1 Month	-3.0%	-	-3.6%	0.6%	-6.7%	3.7%

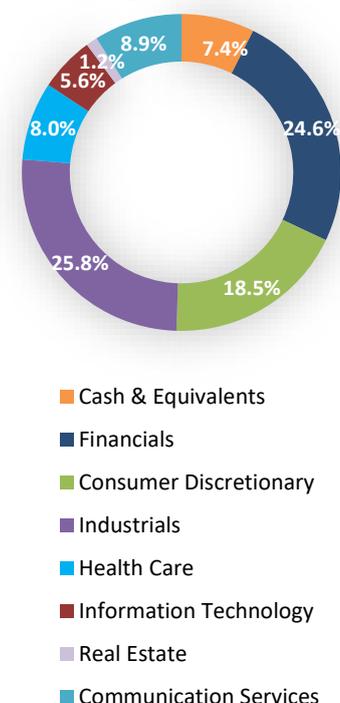
\* Returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Returns exclude the benefits of imputation credits. Past performance is not an indicator 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%	(0.9%)	2.7%	(1.7%)	(3.0%)	-	-	-	7.5%	8.9%

Top five holdings (alphabetical order)	Sector
AUB Group Limited	Financials
Hansen Technologies Limited	Information Technology
Propel Funeral Partners Limited	Consumer Discretionary
Regis Healthcare Limited	Health Care
SG Fleet Group Limited	Industrials

\* The top five holdings make up approximately 21.0% of the portfolio

## Holdings by Sectors



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
Suggested Investment Period	3+ years
Research Ratings	Zenith – Highly Recommended Lonsec – Recommended

## Market review

Global stocks fell through March, as markets began to reassess the potential impacts that Trump policies could have on global growth and corporate earnings. The MSCI Developed Markets Index fell -5.0% through the month. The Dow Jones Industrial Average Index fell 4.2%, the NASDAQ Index by 8.2% whilst S&P500 Index finished down 5.8%. European markets performed better, on a relative basis, for the fourth consecutive month. The Euro Stoxx50 Index fell 4.0%, Germany's Dax closed 1.7% lower and the FTSE100 Index fell by 2.6%. China's market (MSCI China Index) posted another positive gain, of 2.0%, as investors considered potential green shoots in the Chinese economy.

Stimulus in China and Europe combined with a 3.2% fall in the US Dollar Index had been a support for commodities during the month. Precious metals were the strongest performing commodity group, led by gold (+10.6%). Industrial metals such as copper (+5.0%) were also strong, while Crude oil price was up +2.7% higher in March.

Australian shares fell in March, with the ASX300 Accumulation Index closing 3.3% lower. The market declines were driven by investors anticipating the impact of Trump's tariffs, while some investors appeared to have re-allocated funds to markets such as China. With the exception of Utilities, sector losses on the ASX300 were broad based. Technology was the worst performing sector, Financials (-133bps) was a significant drag on broader market returns, with load shared across banks (-69bps) and Financial Services (-68bps). Insurance, however, was outlier among this universe, posting small gains for the month. The Materials sector was a positive outlier in terms of performance in the Small Ords Index. But despite the positive monthly performance, it was insufficient to make up for the broader losses across the other sectors as the Small Ords Accumulation Index closed 3.6% lower for the month.

The Prime Value Emerging Opportunity Fund was established on 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 we have shown the 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.



This graph shows how \$100,000 invested in the Prime Value Emerging Opportunity Fund Class A at the Fund's inception has increased to \$271,000 (net of fees). This compares with the return of the benchmark (Small Industrials Accumulation Index), where a \$100,000 investment would have increased to \$174,300 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)	\$1.0371
Withdrawal price (Cum)	\$1.0289
Distribution (31/12/2024)	\$0.0346
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.

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.

## Fund review & strategy

The fund returned -3.0% in March, outperforming both the Small Ordinaries (-3.6%) and the Small Industrials (-6.7%) Accumulation Indices.

Key contributors to performance for the month were **Integral Diagnostics** (IDX +8.7%), **Regis Healthcare** (REG +3.7%) and **Serko** (SKO.NZ +8.2%). Key detractors were **Pinnacle** (PNI -21.6%), **Qualitas** (QAL -17.4%) and **Kelsian** (KLS -11.0%).

The fund's relative outperformance was achieved despite very strong outperformance from Resource stocks (Small Resources Accumulation Index +4.6%), driven by a 10.6% increase in the Gold price due to market concerns over the pending impact of Trump tariffs and increased geopolitical risks. As a result, Resource stocks represented 9 of the Top 10 Small Ordinaries Index performers for the month.

We often highlight that the fund does not invest in resource companies (mining, oil & gas) due to their inherent earnings volatility from factors that are outside of management control.

With Resources making up c. 30% of the Small Ordinaries Index, this would suggest that the fund should underperform the Small Ordinaries Index when the Small Resources Index outperforms the Small Industrials Index.

However, in practice, this has not necessarily been the case as demonstrated in March, with the fund outperforming the Small Ordinaries Index despite the Small Resources Index rising +4.6% and the Small Industrials Index falling -6.7%.

In fact, looking back at the last 83 months, the Small Resources Index has outperformed the Small Industrials Index 41 times, with the fund actually outperforming the Small Ordinaries index in 23 of these 41 months (or 56% of the months in which the Small Resources has outperformed).

Relative Performance - months	Small Resources outperform		Small Industrials outperform		Total	
	Months	%	Months	%	Months	%
Fund outperformed	23	56%	28	67%	51	61%
Fund underperformed	18	44%	14	33%	32	39%
Total	41	100%	42	100%	83	100%

We believe there are 2 key reasons for this unusual outcome: (i) the fund's strong track record of outperformance has enabled it to offset headwinds from a relatively strong resources sector; and (ii) Gold represents c50% of the Small Resources sector which typically outperforms in times of turmoil that can drive markets lower.

As shown below, the fund shares this latter characteristic, outperforming the Small Ordinaries Index in 81% of months when the index falls, exhibiting "gold-like" qualities.

Relative Performance - months	Small Ordinaries positive		Small Ordinaries negative		Total	
	Months	%	Months	%	Months	%
Fund outperformed	21	46%	30	81%	51	61%
Fund underperformed	25	54%	7	19%	32	39%
Total	46	100%	37	100%	83	100%

Top Contributors (Absolute)	Sector
Integral Diagnostics	Health Care
Regis Healthcare	Health Care
Serko	Information Technology
Top Detractors (Absolute)	Sector
Pinnacle Investment Management	Financials
Qualitas	Financials
Kelsian	Industrials
Platforms	
Netwealth, Hub24	