Prime Value Emerging Opportunities Fund Update (Class B) – September 2026

- Global equity markets were mixed in September as Middle East tensions continued and bond yields rose.
- The fund returned -4.6% in September, below both the Small Industrials (-1.3%) and Small Ordinaries (-2.3%) Accumulation Indices.
- Share prices reflect company earnings and the valuation multiple ascribed. Currently, fund earnings are growing and the valuation multiple on those earnings Is falling. With valuations already relatively low, this relationship tends to prove unsustainable over the long-term.

The Prime Value Emerging Opportunities Fund was established 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 Class A units. Class B units have identical investments however, returns may differ reflecting differences in the calculation of fees.

	Class B Total Return*	Class A Total Return*	Small Ordinaries Accumulation	Value Add	Small Industrials Accumulation	Value Add
8 Years (p.a.)	-	7.5%	4.8%	2.7%	2.6%	4.9%
5 Years (p.a.)	-	0.8%	2.2%	-1.4%	-1.3%	2.1%
3 Years (p.a.)	-	3.9%	10.4%	-6.5%	6.0%	-2.1%
1 Year	-14.4%	-	-6.7%	-7.7%	-14.4%	0.0%
3 Months	-6.1%	-	-0.5%	-5.6%	-4.0%	-2.1%
1 Month	-4.6%	-	-2.3%	-2.3%	-1.3%	-3.3%

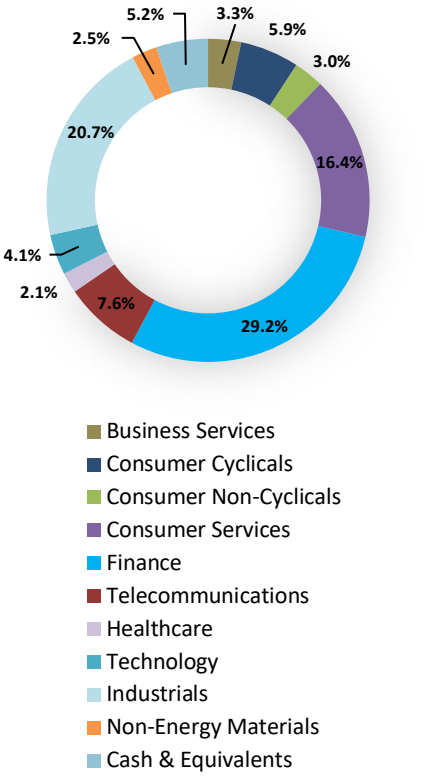
* Returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Returns exclude the benefits of imputation credits. Past performance is not an indicator 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%)	2.0%	5.0%	2.0%	**17.2%**	**18.9%**
FY 2026	2.7%	3.8%	(0.4%)	2.5%	(1.5%)	(3.3%)	(4.0%)	(2.0%)	(8.8%)	3.5%	3.1%	2.0%	**(3.2%)**	**15.1%**
FY 2027	(2.7%)	1.3%	(4.6%)										**(6.1%)**	**8.1%**

Top five holdings (alphabetical order)	Sector
Auckland International Airport	Industrials
Cuscal	Finance
Pinnacle Investment Management Group	Finance
Vista	Consumer Services
WebBeds	Consumer Services

*The top five holdings make up approximately 23.3% 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)
Strategy Inception date	8 October 2015
Fund 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 Rating	Lonsec – Investment Grade

Market review

Global equity markets were mixed in September amid a backdrop of continuing Middle East tensions and rising global bond yields.

Technology stocks were in favour, particularly Semiconductor stocks, as confidence on AI spending was spurred by the launch of Meta's Muse AI agent. Much of the rest of the market fell.

US indices were heavily driven by their level of Technology stock exposure with the Dow Jones Industrial Index -4.1%, the S&P 500 Index -0.3% and the Nasdaq 100 Index +1.9%. Japan's Nikkei 225 Index rose +1.3% while the MSCI AC World Index fell -0.7% and London's FTSE 100 Index fell -2.0%.

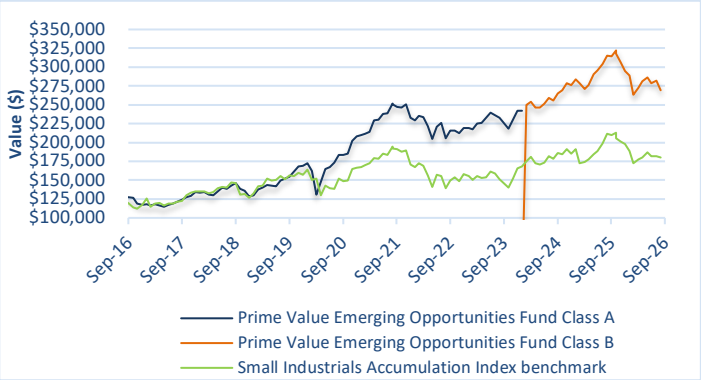
Oil prices were up strongly (Brent crude +8%) on renewed attacks between the US and Iran, stalling progress on peace negotiations. Most commodities were down in September with iron ore -7%, gold -6%, nickel -6% and copper flat. Lithium was particularly weak, falling -28%, as China's stockpiles were revised upwards by c100%. All commodity price changes are based in US dollars.

Bond yields rose globally with US 10-year yields rising 48bps to 5.28% (a 5-yr high), with increases also seen in Canada (+25bps), Germany (+24bps), Australia (+21bps), the UK (+20bps) and Japan (+16bps).

In Australia, solid GDP data saw the RBA increase interest rates by 25bps for the 4th time this cycle, albeit August CPI released the next day was slightly below expectations, potentially giving pause to future decisions.

The ASX300 Accumulation Index was -2.4% in September. Healthcare (+3.9%) and Energy (+0.5%) were the only two sectors in positive territory, while the weakest were Information Technology (-9.8%) and Materials (-5.9%).

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 however, returns may differ reflecting differences in the calculation of fees.



This graph shows how $100,000 invested in the Prime Value Emerging Opportunities Fund Class A at the Fund's inception has increased to $269,400 (net of fees). This compares with the return of the benchmark (Small Industrials Accumulation Index), where a $100,000 investment would have increased to $179,900 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.

	Investment (Class B)
APIR Code	PVA3186AU
Minimum Investment	$20,000
Issue price (Cum)	$0.9421
Withdrawal price (Cum)	$0.9345
Distribution (30/06/2026)	$0.0425
Indirect Cost Ratio (ICR)	1.10%*
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 -4.6% in September, below both the Small Industrials (-1.3%) and Small Ordinaries (-2.3%) Accumulation Indices.

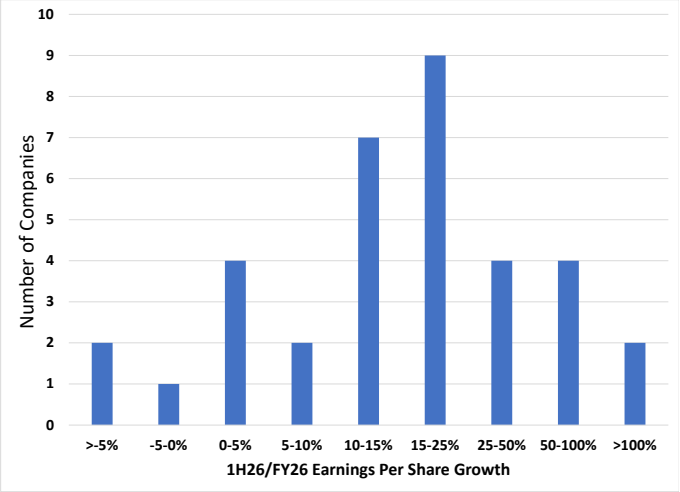
Stocks that performed well for the month included a mix of service providers to the Data Centre and Mining sectors, while the M&A theme of recent months continued, with takeover bids received by Ingenia, IDP Education and Reliance Worldwide.

Key contributors for the month included **Cuscal** (CCL +11.4%), **Dalrymple Bay Infrastructure** (DBI +7.7%) and **Vista Group International** (VGL +3.9%). Key detractors were **Regis Healthcare** (-29.2%), **Pinnacle Investment Management** (PNI -21.3% and **Qualitas** (QAL -18.0%).

Regis Healthcare (REG) shares fell due to a second successive disappointing funding outcome from the Government which was below cost inflation and will result in falling industry profit margins. While long-term demographic trends remain favourable for the sector, it appears that Government budgetary constraints will not incentivise operators to solve the aged care bed supply shortage problem and, as a result, we have exited our holding.

Pinnacle Investment Management (PNI) and **Qualitas** (QAL) shares suffered from further negative news relating to the private credit sector. For Qualitas it appears a situation of guilt by association, while for Pinnacle, its 35% owned affiliate Metrics is awaiting the finalisation of audited accounts for several of its funds due to differences of opinion over asset valuations between its independent valuers and its auditor. We note that there has not been any loss of investor capital at this point, and that Metrics represented c11% of PNI's group profit in FY26.

While not obvious from the Emerging Opportunity Fund's recent performance (-6.1% for the September quarter), its constituents enjoyed a strong reporting season with earnings growth across the portfolio averaging 18%, and only 3 companies reporting an earnings decline.



For this reason, we see the fund as well positioned, with a further 13% earnings growth forecast for the fund for the year ahead. Share prices reflect a combination of a company's earnings and the valuation multiple that investors ascribe to those earnings. While the earnings are growing, the valuation multiple has been declining to low levels by historical standards (as we have discussed previously). Over the long-term this tends to be an unsustainable relationship.

Top Contributors (Absolute)	Sector
Cuscal	Finance
Dalrymple Bay Infrastructure	Industrials
Vista Group	Consumer Services
Top Detractors (Absolute)	**Sector**
Regis Healthcare	Healthcare
Pinnacle Investment Mgt	Finance
Qualitas	Finance

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