Prime Value Enhanced Income Fund Monthly Update – September 2026

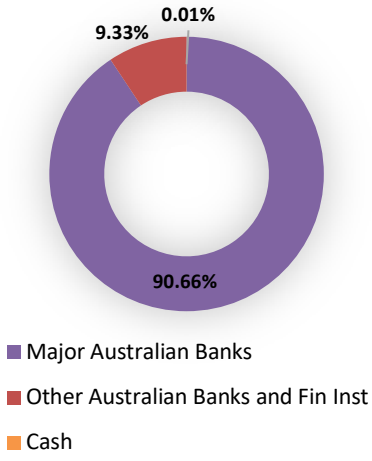
- The Fund's return for September 2026 was 0.32%, which was slightly below the Fund's benchmark return. The 1-year return after-fees was 4.23%, which exceeds the benchmark return.
- The Fund's distribution for the September quarter 2026 is **$0.0115 per unit** to be paid to investors in early October. The Fund has never missed a quarterly distribution since inception in 2014.
- The major factors influencing markets in September were the lack of any progress on peace negotiations in the Middle East and pressure on global bond markets due to inflation and bond issuance. We will continue to manage the Fund conservatively to ensure it meets 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.)	**3.01%**	**3.37%**	2.28%
5 Years (p.a.)	**3.21%**	**3.36%**	3.41%
3 Years (p.a.)	**4.70%**	**4.87%**	4.18%
1 year	**4.23%**	**4.23%**	4.14%
6 Months	**2.58%**	**2.58%**	2.22%
3 Months	**1.10%**	**1.10%**	1.13%
1 month	**0.32%**	**0.32%**	0.38%

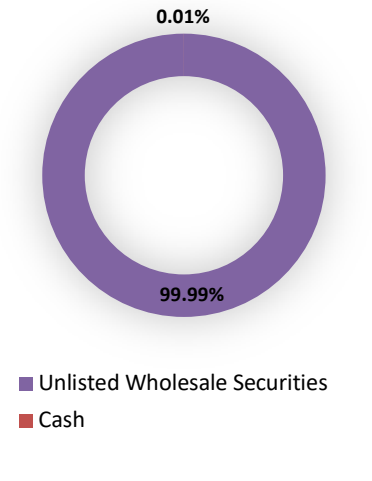
* Performance figures have been calculated in accordance with Financial Services Council (**FSC**) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are calculated after management fees.
**Returns grossed up for Franking Credits are estimates.

Major Holdings	Sector	Category
ANZ	Banks	Unlisted Wholesale Securities
Suncorp (ANZ)	Banks	Unlisted Wholesale Securities
Macquarie	Banks	Unlisted Wholesale Securities
BOQ	Banks	Unlisted Wholesale Securities
CBA	Banks	Unlisted Wholesale Securities

Holdings by Sector



Holdings by Category



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. 3 months
Distributions	Quarterly
Suggested Investment Period	1 + year
Minimum Investment	$50,000
Indirect Cost Ratio (ICR)	0.60% p.a.[1]
Issue price (Ex)	$1.0035
Withdrawal Price (Ex)	$1.0031
Distribution (30/09/2026)	$0.0115

[1]Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC.

Fund review and strategy

The Fund's return for September 2026 was 0.32%, which was slightly below the Fund's benchmark return. The 1-year return after-fees was 4.23%, which exceeds the benchmark return. Past performance is not a reliable indicator of future performance. The Fund's distribution for the September quarter 2026 is **$0.0115 per unit** to be paid to investors in early October. The Fund has never missed a quarterly distribution since inception in 2014.

Global markets are polarised between shares and bonds. The two markets are performing quite differently. Share markets have been performing reasonably well albeit with some quite significant sector rotation. Bond markets on the other hand have been under significant pressure due to the lack of any progress in Middle East peace negotiations and oil prices staying elevated above US$100/barrel, no sign that inflation is abating, and very large bond issuance in particular by governments, and in the private sector by data centres and funding for AI and technology capex. Prior to August, the market was of the view that inflation had peaked and would begin to fall, and this was encouraging economists to forecast that central banks would not hike rates. In Australia, the market and the four major Australian banks were even anticipating rate cuts next year. However, in September that view changed: the view now is that inflation will remain elevated for a considerable period and that central banks in Western-developed countries will be forced to hike rates. In the US, towards the end of September the Fed hiked its policy rate, its first move since the easing programme in 2024-25. The yield on the 30-year US Treasury spiked to 5.4%, the highest level recorded since mid-2007 just prior to GFC. In Australia, the RBA also hiked the cash rate at the end of September, marking a resumption after the pause since May this year when it last hiked. The Governor of the RBA has stated a desire to weaken aggregate demand further and for unemployment to move towards 5%.

The Australian market is currently wavering between another 1-2 rate hikes. The current RBA official cash rate of 4.6% is the highest for the past 15 years, and another rate hike would take it to an 18 year high. The four RBA rate hikes this year, and the prospect of more, will continue to have a strong influence on consumer and business sentiment, households with mortgages, businesses with debt, and property markets in general. Fanning the higher bond yields is persistent inflation and energy shocks due to ongoing geopolitical tensions and oil supply disruptions, hawkish central bank statements, heavy government borrowing and bond supply pressures, strong competition for capital from AI and technology companies, and economic data showing resilience. We expect the Middle East conflict will continue to be the single biggest driver of global inflation, bond yields, and central bank decision-making.

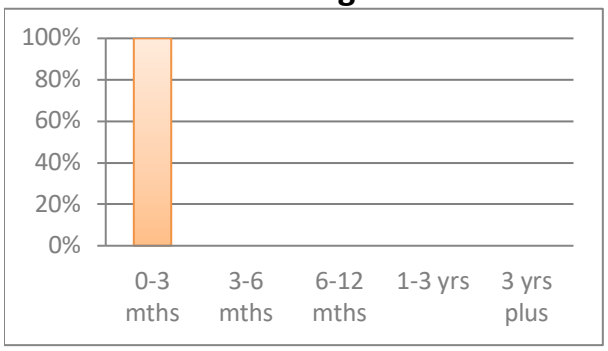
Securities in the Fund's portfolio are all "floating rate" with their interest rates resetting every 3 months according to the prevailing 3-month BBSW rate. This rate is the major short-term interest rate in the professional wholesale market. The Fund has therefore directly benefitted from the RBA rate hikes this year and stands to benefit from any further rate hikes as changes to the RBA's official cash rate flow directly through to the 3-month BBSW rate.

The main risks to the Fund's performance are a large and prolonged selloff in global markets or a significant deterioration in the Australian economy – neither appears likely at this stage but we are monitoring a number of market, economic and geopolitical situations very carefully. The headwinds to Australian economy and many western-developed countries economies from higher oil prices, bond yields and national debt are resulting in central banks maintaining restrictive monetary policies - this appears likely to continue for some time.

We will continue with our conservative risk management strategy to invest the Fund's portfolio in floating (variable) rate debt securities, with the securities held being issued by large Australian banks. These securities are mainly "AA-" and "AAA" rated debt securities, so have low credit risk, very strong liquidity and pay a stable, regular (quarterly) income. We believe this strategy will ensure the Fund will continue to meet its key objectives of capital preservation over the medium term and ongoing quarterly distributions to investors.

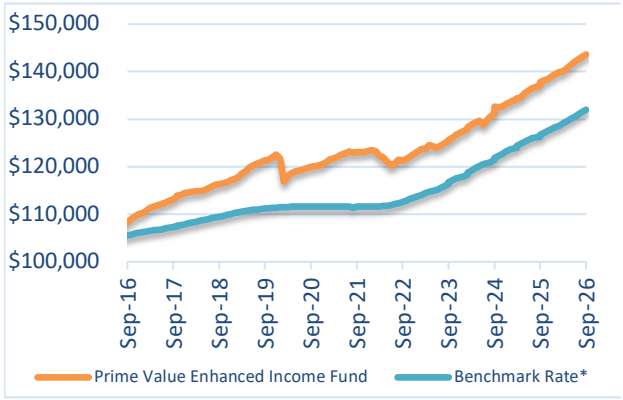
If you have any questions, please do not hesitate to arrange a call through your Investor Relations contact.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is very close 3 months. All securities in the Fund's portfolio have interest rates that reset quarterly and therefore benefit from the higher interest rates in the current market.

Fund Performance



This graph shows how $100,000 invested at the Fund's inception has increased to $143,610 (net of fees). This compares with the Fund's benchmark return, where a $100,000 investment would have increased to $131,990 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

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. Net returns are calculated after management fees.

Contact details:
Prime Value Asset Management Ltd
Level 9, 34 Queen Street, Melbourne VIC 3000
T: + 61 3 9098 8088
E: info@primevalue.com.au
W: 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**) 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 PDS dated 30 November 2024 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited 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's investment.