Prime Value Microcap Fund
Fund Update – September 2026

- Global equity markets were mixed in September as Middle East tensions continued and bond yields rose.
- The fund returned -4.7% 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 SIV Emerging Companies Fund (PVSECF) commenced on 7 January 2019 as a wholesale fund tailored for Significant Investor Visa (SIV) investors. From 1 July 2025 the same investment mandate and strategy of PVSECF was made available to retail investors through the new Prime Value Microcap Fund. To give a clearer picture of longer-term performance, the table below includes historical returns for the PVSECF (Class A units), as well as for the Prime Value Emerging Opportunities Fund (PVEOF), which used the same investment strategy before PVSECF was launched. While the Microcap Fund holds the same investments, its performance results may vary due to differences in how management and performance fees are calculated.

	Microcap Total Return*	SECF Class A Total Return*^	Small Ordinaries Accumulation	Value Add	Small Industrials Accumulation	Value Add
Since inception (p.a.)	-	7.7%	7.7%	0.0%	5.5%	2.2%
8 Years (p.a.)	-	5.6%	4.8%	0.8%	2.6%	3.0%
5 Years (p.a.)	-	0.7%	2.2%	-1.5%	-1.3%	2.0%
3 Years (p.a.)	-	5.1%	10.4%	-5.3%	6.0%	-0.9%
1 Year	-13.9%	-	-6.7%	-7.2%	-14.4%	0.5%
3 Months	-0.5%	-	-0.5%	0.0%	-4.0%	3.5%
1 Month	-4.7%	-	-2.3%	-2.4%	-1.3%	-3.4%

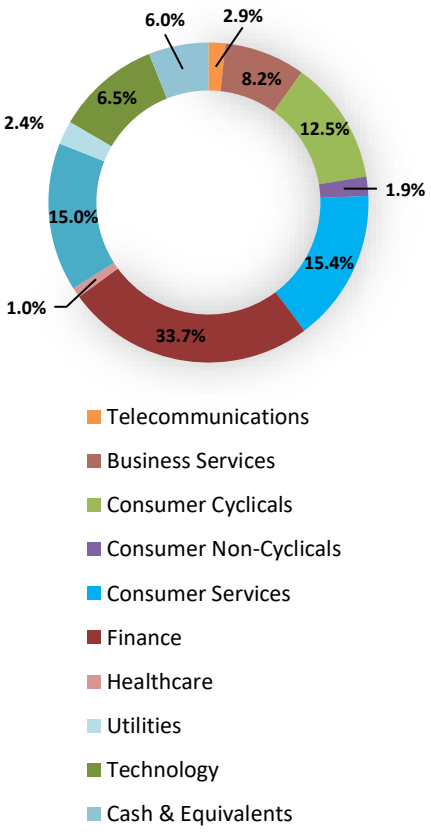
* Returns are calculated net of management fees and performance fees assuming all distributions are re-invested. Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Returns exclude the benefits of imputation credits. Past performance is not an indicator of future performance.
^ This Fund structure was created on 1 July 2025 but uses an identical mandate and strategy to the SIV Emerging Companies Fund with an inception date of January 2019. Performance numbers prior to this use the Emerging Opportunities Fund up to December 2018.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2026	1.5%	6.6%	6.1%	6.8%	-1.5%	-2.0%	-4.8%	-3.4%	-9.4%	1.5%	1.3%	(1.9%)	**(0.6%)**	**(0.6%)**
FY 2027	(1.4%)	5.9%	(4.7%)										**(0.5%)**	**(1.2%)**

Top five holdings (alphabetical order)	Sector
Cuscal	Finance
Motorcycle Holdings	Consumer Cyclicals
Shape Australia	Industrials
Vista Group	Consumer Services
Viva Leisure	Consumer Services

* The top five holdings make up approximately 28.2% of the portfolio

Holdings by Sectors



Feature	Fund facts
Portfolio Manager	Richard Ivers & Mike Younger
Investment objective	The Fund aims to outperform the S&P/ASX Small Industrials Accumulation Index (XSIAI). A long only concentrated fund that leverages Prime Value's fundamental research capabilities while minimizing the risk of permanent capital loss.
Benchmark	S&P/ASX Small Industrials Accumulation Index (XSIAI)
Fund Inception date	1 July 2025
Strategy Inception date	8 October 2015
Typical number of stocks	30 – 80
Cash	0 – 20%
Unlisted Exposure	0 – 20%
International Exposure	0 – 20%
Distributions	Half-yearly
Suggested Investment Period	5 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.

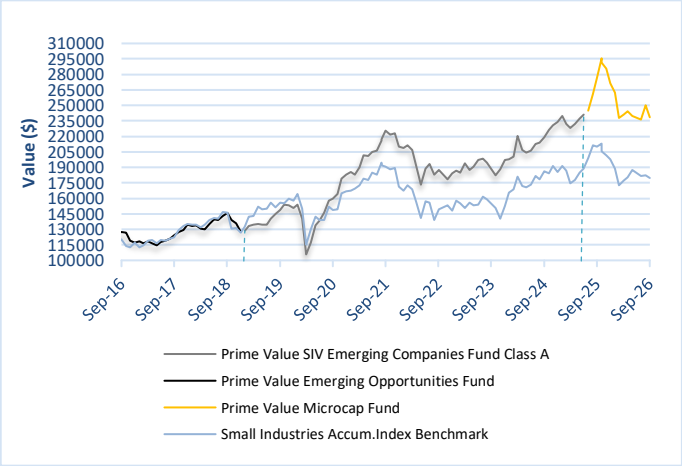
US indices were heavily driven by their level of Technology stock exposure with the Dow Jones Industrial Index -4.1%, the S&P 500 Index -0.3% and the Nasdaq 100 Index +1.9%. Japan's Nikkei 225 Index rose +1.3% while the MSCI AC World Index fell -0.7% and London's FTSE 100 Index fell -2.0%.

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%).



This graph shows how $100,000 invested at the Fund's inception has increased to $238,400 net of fees. This compares with the return of the benchmark, where a $100,000 investment would have increased to $179,900 over the same period. The returns exclude the benefit 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
APIR Code	PVA6704AU
Minimum Investment	$20,000
Issue price (Cum)	$0.8351
Withdrawal price (Cum)	$0.8285
Distribution (30/06/2026)	$0.11
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.

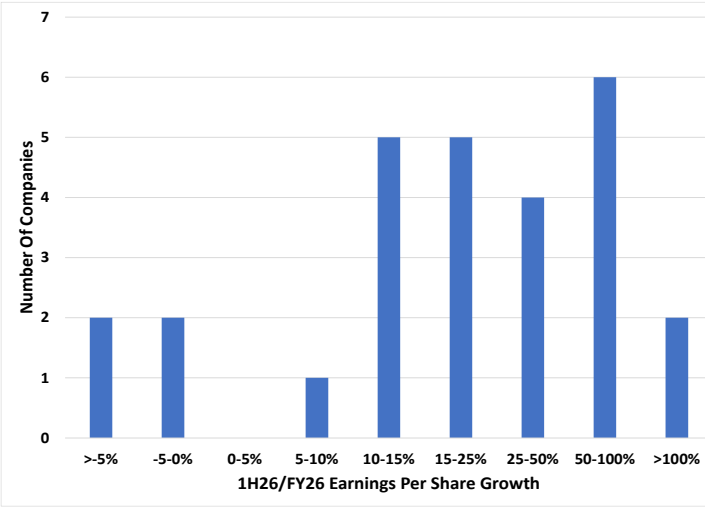
Fund review & strategy

The fund returned -4.7% in September, below both the Small Industrials (-1.3%) and the 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 were **Cuscal** (CCL +11.4%), **Vista Group** (VGL +3.9%) and **Shape Corporation** (SHA +5.4%). Key detractors were **Motorcycle Holdings** (MTO -16.8%), **Acusensus** (ACE -18.3%) and **Gentrack** (GTK -23.6%).

While not obvious from the fund's recent performance (-0.5% for the September quarter), its constituents enjoyed a strong reporting season with the median earnings growth across the portfolio 20%, and only 4 companies reporting an earnings decline.



For this reason, we see the fund as well positioned, with a further 19% earnings growth forecast for the fund for the year ahead. As we alluded to last month, valuation multiples have been declining with the fund currently trading on a FY27 P/E of just 12.5x, compared to the Small Industrials Index (XSI) P/E of 17.5x.

FY27	Microcap Fund	XSI	XSO
P/E (x)	12.5	17.5	14.9
EV/EBIT (x)	10.1	13.5	11.5
EPS growth	19.4%	5.2%	5.5%
Div yield	2.3%	3.6%	2.6%
EBIT margin	9.6%	13.2%	16.1%
ROE	12.0%	10.9%	12.0%
ND/EBITDA (x)	0.1	0.9	0.4

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
Vista Group	Consumer Services
Shape Australia	Industrials
Top Detractors (Absolute)	**Sector**
Motorcycle Holdings	Consumer Cyclicals
Acusensus	Technology
Gentrack	Utilities

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