Prime Value Opportunities Fund
Fund Update – October 2022

PrimeValue® Building Wealth Together

- Strong gains in the US markets led to improved sentiment in October, on expectations that central banks could start to ease off the pace of interest rate hikes.
- The Australian share market rose 6%, reversing most of the losses from the previous month. Banks accounted for most of the gains.
- The Fund rose 4.8%, below the ASX300 Accumulation Index's 6.0% rise for the month. The Fund is up by 6.2% for the first 4 months of FY23.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**9.5%**	8.0%	1.5%
7 Years (p.a.)	**6.7%**	8.0%	-1.1%
5 Years (p.a.)	**6.0%**	8.0%	-2.0%
3 Years (p.a.)	**5.4%**	8.0%	-2.6%
2 Years (p.a.)	**8.5%**	8.0%	0.5%
1 Year	**-9.0%**	8.0%	-17.1%
3 Months	**-0.3%**	2.0%	-2.3%
1 Month	**4.8%**	0.7%	4.1%

* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

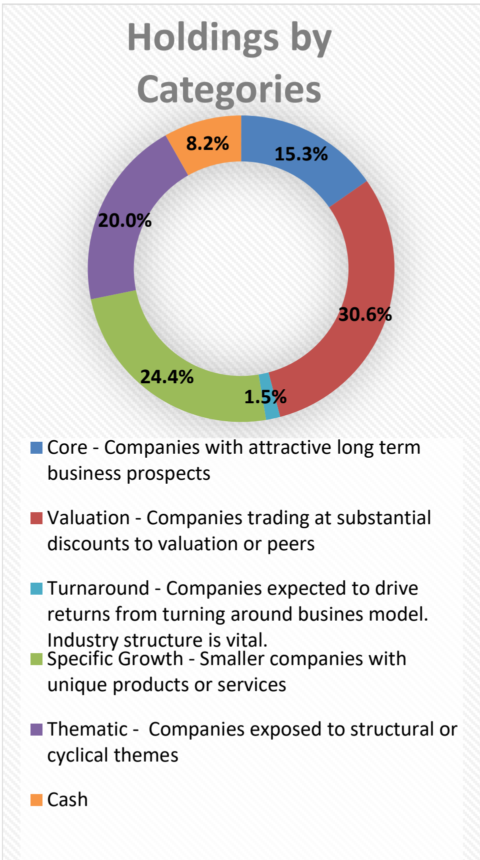
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**4.6%**	**44.9%**
FY 2016	5.3%	(3.7%)	0.1%	5.5%	1.7%	2.4%	(3.4%)	(1.9%)	3.6%	2.3%	4.4%	(1.8%)	**14.9%**	**66.5%**
FY 2017	6.5%	(1.7%)	(0.5%)	(4.9%)	(0.2%)	2.7%	(1.1%)	2.4%	2.1%	1.3%	(1.2%)	1.2%	**6.3%**	**77.0%**
FY 2018	(1.2%)	1.0%	0.4%	4.2%	1.6%	0.4%	(0.2%)	2.5%	(2.5%)	3.0%	2.1%	2.4%	**14.3%**	**102.4%**
FY 2019	1.7%	2.6%	(1.9%)	(8.2%)	(1.9%)	(1.8%)	3.2%	3.4%	0.2%	2.9%	0.3%	2.6%	**2.5%**	**107.5%**
FY 2020	2.9%	(2.3%)	0.2%	1.0%	3.0%	(2.0%)	4.9%	(5.8%)	(16.8%)	8.0%	5.4%	3.0%	**(1.1%)**	**105.2%**
FY 2021	1.6%	4.1%	(3.6%)	0.5%	7.9%	2.1%	(0.1%)	2.3%	1.5%	4.6%	1.3%	3.0%	**27.7%**	**162.0%**
FY 2022	0.9%	3.9%	-1.4%	0.3%	0.6%	1.9%	(7.3%)	(2.5%)	5.7%	-0.3%	-4.8%	-7.9%	**-11.2%**	**132.6%**
FY 2023	6.5%	1.8%	-6.5%	4.8%									**6.2%**	**147.1%**

Top five holdings	Sector
CSL Limited	Health Care
Commonwealth Bank	Financials
BHP Group	Materials
Macquarie Bank	Financials
AUB Group	Financials

The top five holdings make up approximately 28.6% of the portfolio

Feature	Fund facts
Portfolio Manager	ST Wong
Investment Objective	To achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark.
Benchmark	8.0% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure#	0 - 20%
Distributions	Half-yearly
Suggested Investment Period	3 + years
Research Rating	Zenith – Recommended Lonsec - Recommended

The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV regulations



Market review

Global equity markets rallied in October led by strong gains in the US, which drove Developed Markets outperformance relative to Emerging Markets. Broadly, markets reacted to the speculation that central banks are nearing the peak of interest rate policy tightening which lifted sentiment in share markets. The MSCI Developed Markets Index rose (+7.5%), and the S&P500 Index gained (+8.1%). Despite underperforming the US in October, Australia continues to lead the pack in terms of year-to-date performance in 2022.

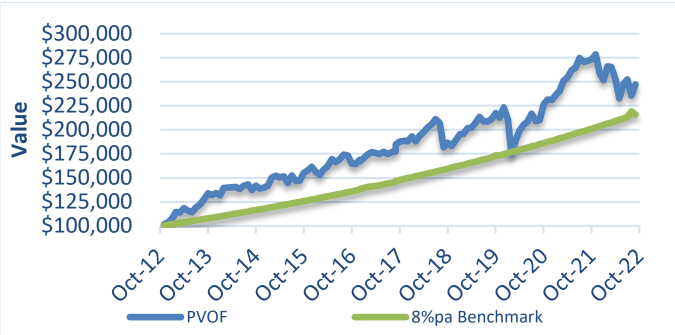
Some soft patches in recent economic data contributed to market participants contemplating once again the potential for the US Federal Reserve to be closer to the end of tightening. This triggered a move higher in gold, which spilled over to the rest of the precious metals complex. The overall uncertainty around US Federal Reserve policy and growing risks to economic growth are likely also helping gold currently hold onto much of its recent gains.

The RBA's October meeting hiked the cash rate by 25bps, to 2.60%, below market expectations of ~40bps, and a consensus of ~3/4 of economists for 50bps. Despite the rate hike, Australian 10-year yields fell 13bps across October to 3.76%.

The ASX300 Accumulation Index rose +6.0% in October, mostly reversing the significant market drawdown in September. The Banks did the heavy index lifting with CBA (+124bps), WBC (+63bps), NAB (+60bps) and ANZ (+43bps) adding the most, with support from Woodside (+42bps)

Financials (+12.2%), Energy (+9.5%) and Real Estate (+9.3%) rose the most in the month, whilst Consumer Staples (-0.2%) recorded the largest sector decline. Mid-caps were favoured, outperforming large and small cap counterparts. Industrials outperformed Resources across all size indices, performing best in mid-caps.

In terms of outlook, there has been a skew to analyst downgrades over upgrades in AGM season. Downgrades were more likely for stocks that benefited from 2021 COVID lockdowns, had exposure to high energy and gas costs, were negatively impacted.



This graph shows how $100,000 invested at the Fund's Inception has increased to $247,100 (net of fees excluding performance fees). This compares very favourably with the return of the benchmark, where a $100,000 investment would have increased to $215,800 over the same period. The returns exclude the benefits of imputation credits.

Performance figures have been calculated in accordance with the 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.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	$20,000	N/A
Issue price	$ 1.6764	$ 1.6499
Withdrawal price	$ 1.6638	$ 1.6375
Distribution (30/06/2022)	$ 0.0537	$ 0.0440
Indirect Cost Ratio (ICR)*	0.95% p.a.	0.95% p.a.
Performance fee**	15%	15%

* Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC
** Of performance (net of management fees) above the agreed benchmark, subject to a high water mark

Fund review and strategy

The Fund rose 4.8% in October, compared to the ASX300 Accumulation Index's 6.0% rise. The main difference in performance was attributable to the strong performance of the bank sector during the month. The Fund has consistently held a lower weighting in banks compared to the share market index with the Fund's portfolio much more diversified. For the first four months of FY23 (July to October 2022), the Fund posted a return of 6.2% compared to the ASX300 Accumulation Index's 6.4% increase. The Fund's top performance contributors in October included: major banks National Australia Bank (+12.5%) and Commonwealth Bank (+15.4%) and Macquarie Group (+11.0%). The top detractors from performance in October were: BHP (-3.0%), leasing company Eclipx Group (-16.4%) and health insurer NIB Holdings (-1%).

NIB raised $150m in new capital during the month to fund its acquisition of several NDIS related service providers. Our past conversations with NIB's management team had revealed the company's interest of expanding into the NDIS. We believe it's a logical adjacency for NIB's future expansion plans. We have observed NIB over a number of years and have been impressed with how the company has gained market share in the domestic health insurance market consistently over time. It's a competitive sector and one where NIB does not appear to hold natural competitive advantages over larger peers. To consistently gain market share points to the strong leadership team at NIB and spotlights the forward-thinking nature of their executives. We recognise that current conditions are quite ideal for health insurers currently, as claims have been held back by the pandemic, which is why we will be watching the normalisation process closely over 2023.

The market performance in October was primarily driven by the Financials sector with the banks reporting expanding Net Interest Margins, through an aggressive upward repricing of loans. It will be a mistake to extrapolate the expanding margins trajectory too much into the future as rising competition should erode at least some of those gains. Whilst the Fund holds a lower percentage in the portfolio compared to the stock market index, we have reduced a proportion of our bank holdings due to the strong share price appreciation this year.

Outlook: In the past few months, a number of analysts and commentators have drawn analogies between today's economic environment and that of the 1970s—a period dictated by slow economic growth and high inflation. It's a scenario we can't rule out, but we also believe that trying to forecast the future, or timing the market is difficult achieve with consistent success. Navigating through market uncertainty and volatility is never straightforward or enjoyable. Sometimes stocks may not move higher for months and even years after our purchase; and, on occasions, they may even decline. But we have often seen our stock picks reward us with exceptional returns later, more than compensating for their initial lag. Our objective remains building attractively valued quality portfolios with significant long-term appreciation potential.

Top contributors (absolute)	Sector
Commonwealth Bank	Financials
National Aust Bank	Financials
Macquarie Group	Financials

Top detractors (absolute)	Sector
NIB Holdings	Materials
E BHP Limited	Materials
Eclipse Group	Financials

Platforms
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Powerwrap