Prime Value Opportunities Fund
Fund Update – February 2023

- Shares were generally weaker in February as investors weighed companies profit reports that indicated tougher economic conditions, although a substantial portion of that expectation have been factored into share prices.
- The ASX300 Accumulation Index fell 2.6%. Performances of resources companies were wound back as exuberance over China's re-opening waned.
- Fund fell by 1.3% in February and is higher by 11.0% for FY23 year-to-date (8 months).

3	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**9.6%**	8.0%	1.6%
10 Years (p.a.)	**8.4%**	8.0%	0.4%
7 Years (p.a.)	**7.7%**	8.0%	-0.3%
5 Years (p.a.)	**6.0%**	8.0%	-2.0%
3 Years (p.a.)	**7.1%**	8.0%	-0.9%
1 Year	**2.5%**	8.0%	-5.5%
3 Months	**0.4%**	1.9%	-1.5%
1 Month	**-1.3%**	0.6%	-1.9%

* 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.

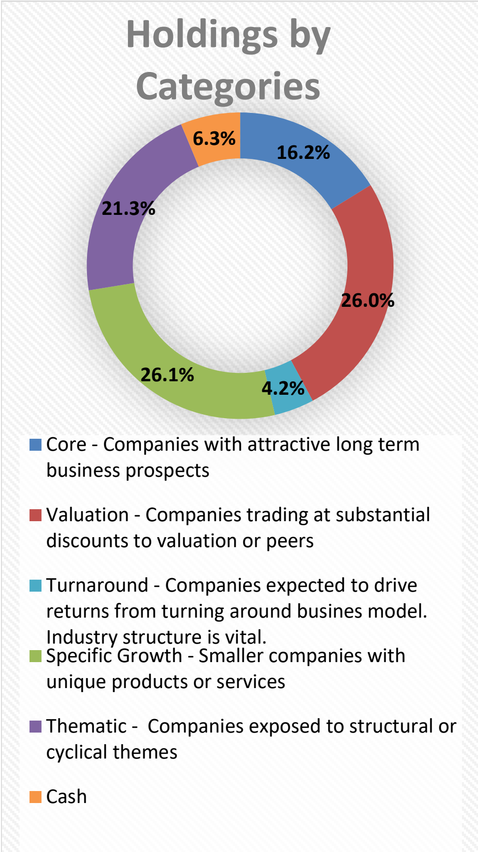
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**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%	4.1%	-3.4%	5.5%	(1.3%)					**11.0%**	**158.1%**

Top five holdings	Sector
CSL Limited	Health Care
Commonwealth Bank	Financials
National Australia Bank	Financials
Macquarie Group	Financials
AUB Group	Financials

The top five holdings make up approximately 30.8% 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



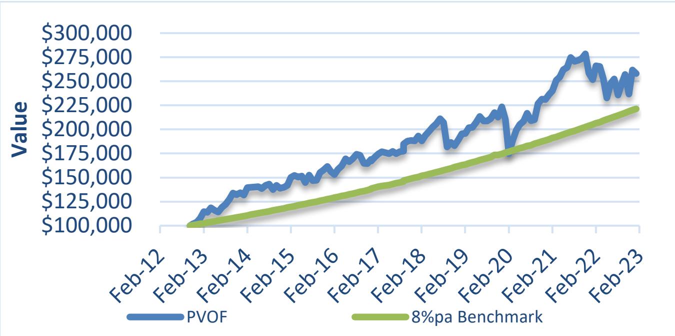
Market review

February was a weak month for equities, as company results illustrated declining earnings momentum. The MSCI Developed Markets Index fell (-1.5%), and the S&P500 Index also lost momentum (-2.4%) in local currency terms. The Emerging Markets underperformed Developed Markets, falling (-4.3%) across the month.

The RBA began the month with a more hawkish tone outlining their intention to take interest rates further. Australian 10-year bond yields moved in reaction to tightening monetary policy, selling off 30bps to 3.86%. US yields also sold off 39bps to 3.92%, in reaction to stronger than expected economic data.

Commodity prices generally weakened in February, driven by the strength of the US Dollar amid higher than-expected inflation statistics. Precious metals retraced on higher interest rates, with gold falling -5.2% to US$1,828/oz. Oil prices were fairly steady, with Brent down less than 1% to US$83.89/bbl.

Following a positive start to calendar year 2023, the ASX retraced some of January's gains to close lower in February by -2.6%. Materials and Financials stocks dragged index returns lower in February. Within Financials, however, Insurers were a bright spot, adding to performance through QBE and Medibank. Large caps were a drag on index performance, with BHP the largest single stock detractor of performance, followed by the Banks. Reporting season was in the highlight in February. Earnings per share beats were only slightly ahead of misses, and guidance statements were on balance negative. Some retailers reported slower sales growth at the turn of the year, but in aggregate, there was not clear evidence of a sharp and broad-based slowing in consumer spending.



This graph shows how $100,000 invested at the Fund's Inception has increased to $258,100 (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 $221,300 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	$ 1.7027	$ 1.6770
Withdrawal price	$ 1.6899	$ 1.6644
Distribution (31/12/2022)	$ 0.0462	$ 0.0445
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 fell by 1.3% in February compared to the SX300 Accumulation index's 2.6% decline—with the Fund's consistently lower than index exposure to resources and bank stocks, the Fund's relative to index performance in February was positive. The best contributors to fund performance in February were insurance broker AUB Group (+17.4%), QBE Limited (+9.8%) and auto parts supplier GUD Holdings (+23.3%). Larger cap companies such as BHP (-8.5%), Commonwealth Bank (-8.5%, ex dividend $2.10) and National Australia Bank (-5.6%) were the largest detractors to performance.

We have followed, but not owned, QBE for a long period of time. Past earnings have been volatile and inconsistent, and the business was difficult to understand. Following several changes in leadership and strategy over the past ten years QBE is finally demonstrating potential of a company in turnaround. QBE's shares performed well in February following a robust FY22 results, with cash NPAT 15% ahead of consensus estimates. More importantly, the result demonstrated QBE is making considerable progress in delivering stronger and more consistent earnings. In the North American market, which presents large growth opportunities for the group, QBE had failed to execute to its potential. We believe QBE's management has more recently be able to improve the performances of the North American business.

Auto part supplier GUD rerated strongly following its 1H23 result as the recently acquired tow bar manufacturer APG delivered a result that exceeded the market's low expectations. APG and similar auto OEMs had been curbed by supply chain delays due to semi-conductor shortages and widespread lock downs curtailing new car production capacity across the industry. Consequently, the reduced demand for APG products and uncertainty in demand for APG products has been a headwind for GUD. We expect these headwinds to ease as new car production recovers with GUD's core aftermarket auto parts division likely to be resilient in a slowing consumer spending environment.

Outlook: We were pleased with the performances of our portfolio companies through the February reporting period. 27.2% of companies in the portfolio had reported profits ahead of expectations, 30.9% in line with expectations and 27.1% below expectations (the balance being cash and companies that did not report this period). A key takeaway from the February reporting period is the expectation of a more challenging backdrop over 2H23. The Fund remains focussed on companies with resilient earnings, with a relatively high cash position providing good optionality.

Top contributors (absolute)	Sector
AUB Group	Financials
GUD Limited	Industrials
QBE Limited	Financials

Top detractors (absolute)	Sector
BHP Limited	Materials
Commonwealth Bank	Financials
National Aust. Bank	Financials

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

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