Prime Value Opportunities Fund
Fund Update – July 2023

- Global share markets rose in July buoyed by optimism of interest rate cycles appear closer to a peak.
- The ASX300 Accumulation Index gained 2.9% in July, rallying 5+% from the month's lows as investors became more optimistic of peak Australian interest rates and news flow relating to China's effort to stimulate its economy.
- The Fund gained 2.5% in July and 6.8% for the calendar year to-date. The Fund is diversified across sectors and size. Investments are made based on stock specific reasons and not for macro or economic cycle perspectives.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**9.4%**	8.0%	1.4%
10 Years (p.a.)	**8.2%**	8.0%	0.2%
7 Years (p.a.)	**5.8%**	8.0%	-2.2%
5 Years (p.a.)	**5.0%**	8.0%	-3.0%
3 Years (p.a.)	**8.0%**	8.0%	0.0%
1 Year	**5.9%**	8.0%	-2.1%
3 Months	**2.3%**	2.0%	0.3%
1 Month	**2.5%**	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.

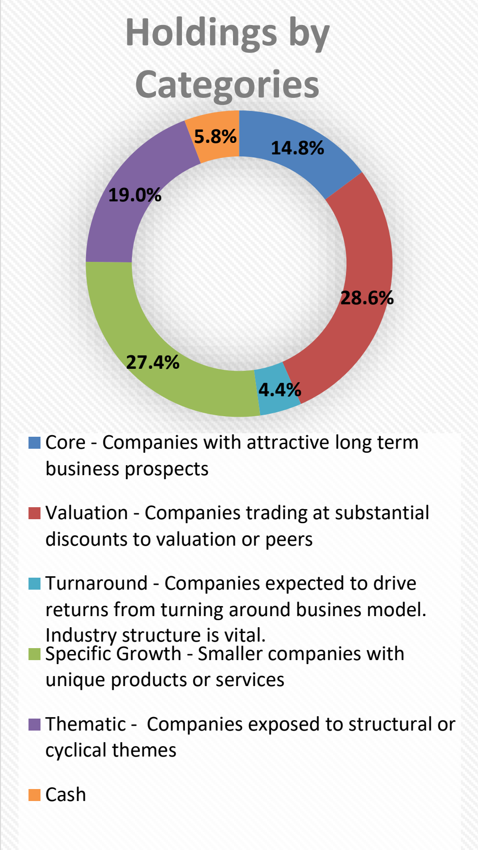
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**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%)	(1.9%)	1.3%	(2.0%)	1.9%	**10.0%**	**155.8%**
FY2024	2.5%												**2.5%**	**162.2%**

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

The top five holdings make up approximately 29.6% 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



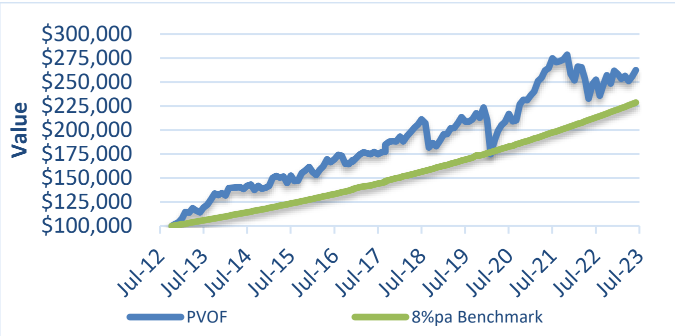
Market review

The MSCI Developed Markets Index rose (+2.9%) over July, while the S&P 500 Index also gained momentum (+3.2%) in local currency terms in a rebounding month for equities. The gains followed softer-than-expected inflation data in the US and Australia, which reduced the risk of further rate hikes.

Australian 10-year bonds sold off 3bps across July to 4.05%, remaining relatively unchanged after the RBA paused rate hikes at 4.10% in the July 2023 meeting. US 10-year bonds also sold off, moving 14bps from 3.81% to 3.95%, on the continuation of the US Federal Reserve's hawkish tone, raising rates once again by 0.25% to 5.5%. Broadly, macro indicators continued to be mixed leading to conflicting conclusions on the outlook for inflation and interest rates.

Commodity prices rose across the board over July. Brent Oil rose by US$10.09 to US$84.99/bbl, trading on tighter market fundamentals and improved US macroeconomic data. Iron Ore prices rose by US$1.00 to US$114.50/Mt on Chinese steel demand and iron ore supply rising seasonally. Gold prices held steady despite dollar fluctuations and uncertainty in interest rates, rising by US$42.00 to US$1,954.

The ASX300 Accumulation Index rallied off mid-month (reached on July 10) lows to close +2.9% higher in July. Except for the Staples and Health Care sectors, all sectors participated in the rally. Energy and Financials were the top two performing sectors for the month as well adding the most value to the broader market total returns, with the later contributing 135bp, largely through Banks' outperformance. Mid-caps stocks were preferred over small and large for month, led by Industrials stocks segment. With inflation slowing without any rise in unemployment (so far), investors are more hopeful of a soft economic landing and this supported the outperformance of cyclicals part of the market.



This graph shows how $100,000 invested at the Fund's Inception has increased to $262,200 (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 $228,600 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	$ 1.6837	$ 1.6577
Withdrawal price	$ 1.6709	$ 1.6451
Distribution (30/06/2023)	$ 0.0453	$ 0.0449
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 gained 2.5% in July, building on gains posted in the previous month. For this calender year, the Fund is up by 6.8%. The best contributors to fund performance in July were banks, Commonwealth Bank (+5.4%) and National Australia Bank (+7.8%) and real estate listing portal REA Group (+10.1%). Global healthcare company CSL (-3.2%) and transport related company Austal (-7.2%) and transport and logistics group Kelsian Group (-4.6%) were the largest detractors to performance during the month. Moderating inflation numbers and robust economic growth in July saw markets give weight to a low inflation and soft economic landing outcome. Consequently, Australian bank stocks benefitted from investor flows. This was quite the turnaround from expectations just two months earlier when the prevalent view was the best days of banks are in the rear view. We raise this point as investors are currently very short term focussed and are flipping between negative and positive views with extraordinary frequency.

We have invested in real estate listing portal REA Group for more than 10 years. Segments of the market view REA Group as a proxy to the Australian real estate listing environment. Listing volumes have no doubt been weak over the past 18 months as the RBA raised interest rates aggressively. With an impending surge in Australian immigration and possibly a peak in interest rates, property listings have started to improve in recent months. REA Group should benefit from the cyclical improvements in listings – but that view detracts from the reasons why REA Group has been a successful investment for the Fund over the long term: REA Group has proven to be an innovator and essential services provider to both property buyers and sellers. That ability to translate services to consistent earnings growth has reduced the cyclical aspects of REA's earnings profile leading the company to become a long-term winner for the Fund.

Outlook: At approximately mid-point of the year and on the cusp of companies reporting their profits for FY23, the global economy has proven to be surprisingly resilient. Conditions have proven to be much better than expected, particularly against the backdrop of sharp and rapid interest rate rises and of significant economic disruptions. We believe the Australian economy continues to perform strongly. Employment growth appears healthy, household spending will decline in the next few months but is partially offset by healthy property prices. The resources and agricultural sectors are experiencing buoyant conditions and Australia is poised to be benefit from a surge in immigration. Nevertheless, we are cognisant of the long lag effects from the transmission of monetary policy. As a result, the portfolio is diversified across sectors and individual investments are largely invested for company specific drivers as opposed to taking a view on where we are in the economic cycle or/and specific themes.

Top contributors (absolute)	Sector
National Australia Bank	Financials
Commonwealth Bank	Financials
REA Group	Communication Services

Top detractors (absolute)	Sector
CSL	Healthcare
Austal	Industrials
Kelsian Group	Industrials

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

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