Prime Value Opportunities Fund
Fund Update – June 2023

- The US and Japanese share markets lifted significantly, helping lift sentiment in global equities.
- The ASX300 Accumulation Index gained 1.7% in June, largely driven by resources companies. Expectations are building that the Chinese government would stimulate the soft domestic economy through monetary and fiscal measures.
- The Fund gained 1.9% in June and 10.0% in FY23. Contributors to Fund performance in FY23 have come from a broad range of sectors, including services and resources, reflecting the diversified profile of the Fund.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**9.2%**	8.0%	1.2%
10 Years (p.a.)	**8.4%**	8.0%	0.4%
7 Years (p.a.)	**6.3%**	8.0%	-1.7%
5 Years (p.a.)	**4.8%**	8.0%	-3.2%
3 Years (p.a.)	**7.6%**	8.0%	-0.4%
1 Year	**10.0%**	8.0%	2.0%
3 Months	**1.0%**	2.0%	-1.0%
1 Month	**1.9%**	0.7%	1.2%

* 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.

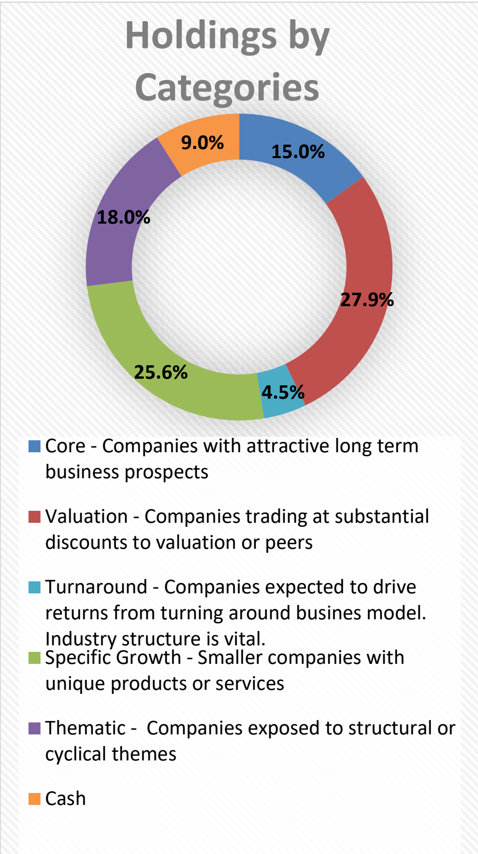
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)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

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

The top five holdings make up approximately 29.7% 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 over the month (+5.7%), while the S&P500 Index gained (+6.6%). US equities continued to defy pessimism in June, returning 6.6% to investors over the month. European share markets also recovered a substantial part of declines posted in May, with the FTSE100 Index up 1.4% and Euro Stoxx 50 Index up 4.4% in June. Japanese equities continued to make extraordinary gains and was again a standout, with the Nikkei 225 Index gaining 7.6% in June.

Commodity prices saw mixed trends over the month. Brent Oil rose by US$2.24 to US$74.90/bbl, trading on tighter market fundamentals over the driving season, coupled with political uncertainty in Russia. Iron Ore prices rose by US $13.50 to US$113.50/Mt on demand growing slightly more than supply and inventories falling. Gold prices fell by US$52.15 to US$1,912 as the US Federal Reserve and ECB focus their commentary on the inflation outlook. Australian 10-year yields sold off by 42bps across June to 4.02%, after the RBA continued rate hikes to 4.10% in the Jun-23 meeting.

The ASX300 Accumulation Index increased 1.7% in June, partially reversing the prior month's decline. For FY23, the ASX300 Accumulation Index posted a 14.8% gain. Index performance in June was driven by Materials (contributing 115bps) and Financials (contributing 86bps) but the Technology sector was also a strong performer in the month (3.5%). Healthcare (-6.6%) and Communication Services (-1.0%) were the only sectors to record a decline. Across the size indices, the Large cap index outperformed the Mid cap index while the small cap index declined in June and underperformed the 2 larger indices. Across macro indices, large cap Resources was the best performer. Resources broadly outperformed Industrials across size/macro indices with the largest spread observed in the large cap universe of +4.5% points.

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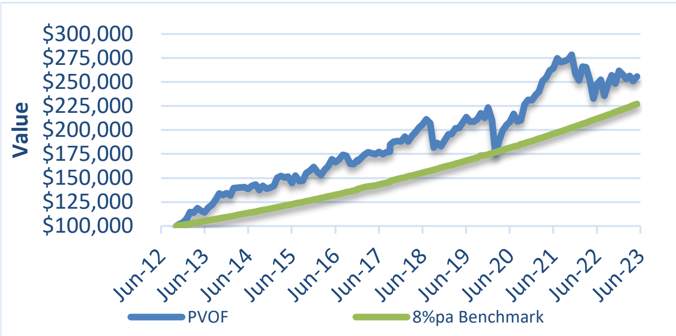

This graph shows how $100,000 invested at the Fund's Inception has increased to $255,800 (net of fees excluding performance fees). This compares very favourably with the return of the benchmark, where a $100,000 investment would have increased to $227,100 over the same period. The returns exclude the 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	$ 1.6424	$ 1.6171
Withdrawal price	$ 1.6300	$ 1.6049
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 1.9% in June, regaining most of the decline posted in the previous month. For the 2023 financial year, the Fund gained 10.0%. We continued to position the Fund in quality companies helmed by strong management teams for FY23. With inflation and interest rates moving higher through the year, the Fund benefitted from strong performances of essential services providers operating in good industry structures, including insurance broker AUB Group and bus operator Kelsian Group. Minimizing mistakes, a fundamental part of our approach to investing, also led us to exit most of the Fund's exposure to discretionary spending in the retail and advertising sectors as we foresaw the impact of higher interest rates on the consumer.

The best contributors to fund performance in June were BHP (+7.1%), AUB Group (+16.3%) and Commonwealth Bank (+3.6%). Global healthcare company CSL (-9.5%), regional aviation company Alliance Aviation (-8.6%) and transport and logistics group Qube (-4.0%) were the largest detractors to performance.

CSL announced a rare profit downgrade relative to analysts' expectations as the company prepared its financial budget for FY24. CSL's share price did fall following the FY24 guidance which, while strong at +8-13% profit growth, was below the expectations of the more bullish analysts in the market. Notably the impact of COVID-19 has continued to make an impact CSL's profit margins as donor fees have remained high compared to history. Overtime, we expect CSL to recoup margins through efficiency improvements. Regardless, in our view, the company is well placed to deliver strong earnings growth and is attractive over the medium-term.

Alliance Aviation's share price has been weak due to the prolonged engagement with the ACCC with regards to Qantas' proposed takeover of the company. In February, Alliance Aviation announced that it had entered into a sale and purchase agreement for an additional 30 E190 aircraft from AerCap Ireland Limited. Should all the aircraft be added to the Alliance Aviation's operating fleet, its total fleet size will eventually reach 100 aircraft with 37 Fokker 100/70s and 63 E190s. In the short-term, carrying additional capital expenditure requirements will place pressure on the balance sheet at a time when interest rates are high and rising. However, successfully deploying these aircraft into a strong demand outlook market should result in profitable earnings growth over the next three years.

Outlook: In our view, the Australian economy continues to perform strongly, and the unemployment rate remains low. The resources and agricultural sectors continue to experience positive conditions and the coming surge in immigration will provide a further boost to activity. While inflation is proving sticky, and would cause investors' concern, it appears to have peaked. In the next six months, we anticipate a period of active stock selection. Valuations in segments of the Australian share market appear attractive, and we expected to be selectively investing in new opportunities that could emerge from short-term volatility.

Top contributors (absolute)	Sector
BHP Limited	Materials
AUB Group	Financials
Commonwealth Bank	Financials

Top detractors (absolute)	Sector
CSL	Healthcare
Alliance Aviation	Materials
Qube Holdings	Industrials

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

Contact details:
Andrew Russell - Director, Investor Relations
arussell@primevalue.com.au
Daniel Leong – Director, Investor Relations
daniel.leong@primevalue.com.au

Mail:
Prime Value Asset Management Ltd
Level 9, 34 Queen Street, Melbourne
VIC 3000
T: 03 9098 8088
E: info@primevalue.com.au
W: primevalue.com.au