Prime Value Opportunities Fund
Fund Update – May 2023

- US debt ceiling concerns played a key role in mixed market outcome in May.
- The ASX300 Accumulation Index fell 2.5% in May, with a sell-off towards the month end as economic data pointed toward further interest rate increases to come.
- Fund fell 2.0% in May, outperforming the ASX300 Accumulation's 2.5% decline. The Fund continues to demonstrate strong downside protection, outperforming the ASX300 Index 70% of the time when the index posts a negative month.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**9.1%**	8.0%	1.1%
10 Years (p.a.)	**8.0%**	8.0%	0.0%
7 Years (p.a.)	**5.8%**	8.0%	-2.2%
5 Years (p.a.)	**4.9%**	8.0%	-3.1%
3 Years (p.a.)	**8.0%**	8.0%	0.0%
1 Year	**-0.6%**	8.0%	-8.6%
3 Months	**-2.7%**	2.0%	-4.7%
1 Month	**-2.0%**	0.7%	-2.7%

* 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.

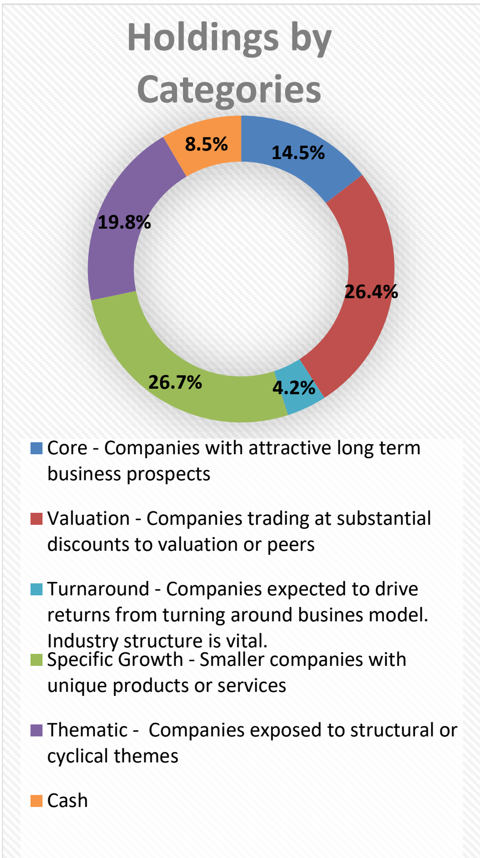
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**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%)		**8.0%**	**151.1%**

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



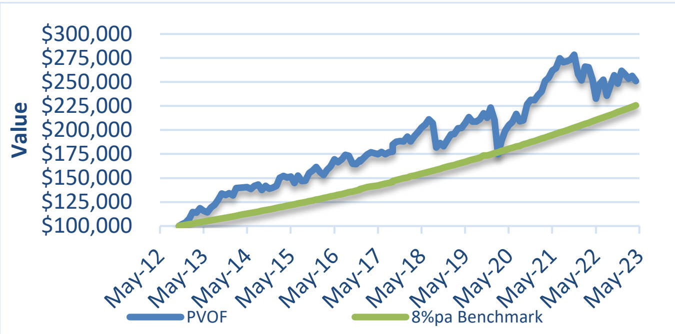
Market review

The MSCI Developed Markets Index fell (-0.1%) over May, while the S&P 500 Index posted a small gain (+0.4%) in local currency terms in a weak month for equities. Mostly, investors harboured concerns around US law makers intentions on extending the country's debt ceiling or risk a government debt default. Broadly, emerging markets outperformed developed markets, remaining unchanged (+0.0%) across the month. European share markets were mostly lower, with the FTSE100 Index down 4.9% and Euro Stoxx 50 Index down 4.9%. Japanese equities were a standout with the Nikkei 225 Index gaining 7.0% in May.

Australian 10-year yields sold off by 26bps across May to 3.60%, after the RBA resumed rate hikes to 3.85% in the May-23 meeting. The RBA's May-23 meeting raised the cash rate by 25bps with 22 out of 31 polled economists expecting no change. US 10-year bonds also sold off, moving 19bps from 3.45% to 3.64%, with continued aggressive rate hikes from the US Federal Reserve. Brent Oil fell by US$6.00 to US$73.54/bbl over May. Concerns around Chinese oil demand are still putting pressure on oil prices.

The S&P/ASX300 Accumulation Index underperformed the Developed World Index, falling (-2.5%) in May, on continued rate hike expectations.

At a sector level, four of the 11 sectors rose (Energy, Health Care, Technology and Utilities), with a further three (Communication Services, Industrials and Real Estate) outperforming the broader benchmark. The Technology sector was the best performing (+11.6%) and the largest contributor (+24bps) to overall market returns. On the other hand, the Materials and Financials sectors weighed heavily on market returns, combined detracting 197bps. We observed similar trends to those of April, with Mid-Caps outperforming Large- and Small-Caps in May. Industrials more broadly outperformed Resources across size/macro indices, with the greatest returns spread observed within the Small Ordinaries, where Industrials closed +5.4% point above Resources.



This graph shows how $100,000 invested at the Fund's Inception has increased to $251,100 (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 $225,700 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	$ 1.6569	$ 1.6316
Withdrawal price	$ 1.6443	$ 1.6192
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 2.0% in May, driven by stock-specific factors, compared to the SX300 Accumulation index's 2.5% decline. The Fund continues to demonstrate strong downside protection in weaker markets, which we believe is a key pillar for fund outperformance over the medium to long term. Fund performance is driven by bottom-up stock selection that results in portfolio that is distinctly different to the share market index and has yielded strong downside protection. The best contributors to fund performance in May were health insurer NIB Holdings (+9.5%), media conglomerate Newscorp (+11.3%) and transport company Kelsian (+11.5%). Larger cap companies such as BHP (-5.4%), National Australia Bank (-9.9%); and IDP Education (-22.5%) were the largest detractors to performance.

As we approach mid-year, we observe that share markets, including the ASX, have performed much better than anticipated. So far this year, economic indicators have been mixed. China's reopening has been the source of much excitement at the start of the year. However, the pace of China's economic recovery has been disappointing. Against this backdrop markets, have therefore shown reasonable strength, particularly in Australia. Whilst we expect economic activity to slow over the next 12 months as the lagged effect of higher interest rates comes through, this slowdown has been widely anticipated. We are of the view that Australia is well positioned: Demand for resources should remain robust with structural factors driving medium-term demand for some commodities, such as copper and nickel; and when combined with elevated population growth, Australia looks more resilient than many other markets.

Newscorp, which falls into the Valuation category of our investment thesis, reported a better-than-expected 3Q23 results during the month. Newscorp has sizable advertising-linked businesses, through Dow Jones and the Australia/UK/US News Media businesses. However, Dow Jones and News Media revenues are becoming more digital and subscription driven. We estimate subscription revenues has increased from 33% of revenues in FY11 to 60% in FY22, protecting the business from softer advertising revenues.

IDP Education fell sharply following Canadian regulators expanded the set of approved English proficiency test providers for students applying for a study permit through the Student Direct Stream (SDS). The Canadian market is a key market for IDP and one where the company had a monopoly over English language testing. We expect IDP to lose Canadian market share to new competitors, but IDP should sustain its market leading position. We believe IDP's brand and reputation are key differentiators that sits well with the student referral infrastructure that has been built over time. IDP's valuations have declined to a material discount to its long-term averages but the company's prospects driven by structurally growing demand for higher education is undiminished.

Top contributors (absolute)	Sector
NIB Holdings	Financials
Newscorp Limited	Communication Services
Kelsian Group	Industrials

Top detractors (absolute)	Sector
National Aust Bank	Financials
BHP Limited	Materials
IDP Education	Consumer Discretionary

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

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