Prime Value Growth Fund
Fund Update – May 2021

- Global share markets were broadly positive in May, with commodities particularly strong.
- The ASX300 Accumulation Index gained 2.3% in May, led by large cap stocks in banks, resources and healthcare sectors.
- The Fund returned +1.4% in May, 0.9% below the ASX300 Accumulation Index of +2.3%. For the first 11 months of the current financial year, the fund has returned +32.4%, 6.7% above the index return of +25.7%.

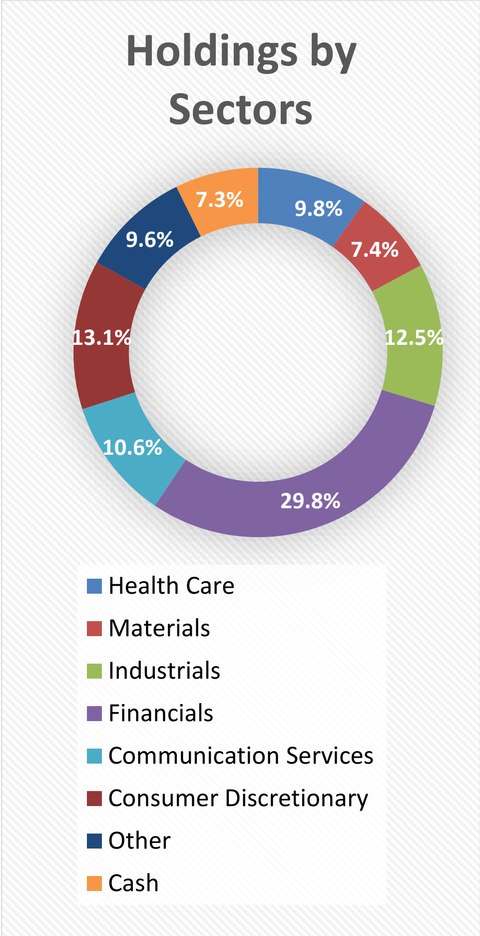
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**11.1%**	8.5%	2.6%
5 Years (p.a.)	**6.6%**	10.2%	(3.6%)
3 Years (p.a.)	**6.9%**	10.1%	(3.2%)
2 Years (p.a.)	**10.5%**	9.7%	0.8%
1 Year	**34.6%**	28.7%	5.8%
3 Months	**7.6%**	8.5%	(1.0%)
1 Month	**1.4%**	2.3%	(0.9%)

*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) standards. 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.

Top five holdings	Sector
Commonwealth Bank	Financials
CSL	Health Care
News Corporation	Communication Services
Uniti Group	Communication Services
Macquarie Group	Financials

The top five holdings make up approximately 23.0% of the portfolio

Feature	Fund facts
Investment Objective	To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.
Benchmark	S&P/ ASX 300 Accumulation Index
Inception Date	10 April 1998
Cash	0 - 30%
Distributions	Half-yearly
Suggested Investment Period	3 + years

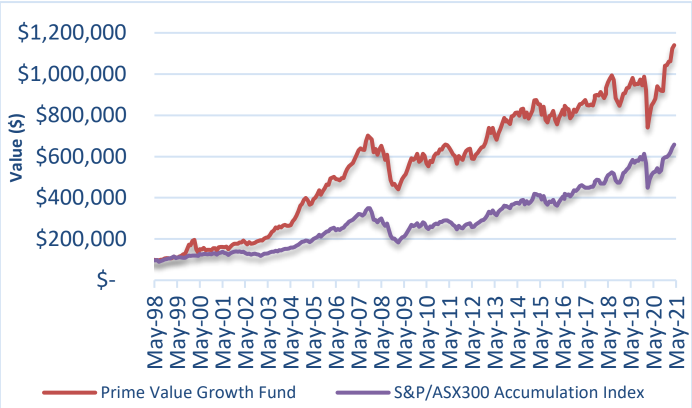


Market review

US stocks finished slightly higher in May, with contrasting drivers of inflation concerns offset by strong economic data. This marked the fourth consecutive monthly advance for the US benchmark. The S&P500 Index rose at the start of the month following Fed Chairman, Powell's reiteration of "real progress" in the economy. Reporting season was strong. The S&P500 Index delivered sales growth of +10.3% and earnings growth of +47% YoY. Sectors with strongest earnings growth were Financials, Basic Resources and Technology. Despite this, Tech stocks fell on rising inflation concerns. The MSCI World Developed Markets Index rose (+1.6%), outperforming the Emerging Markets World Index (+1.2%) in US Dollar terms. The Developed Markets outperformance was driven by the Euro Stoxx 50 Index (+4.1%). The FTSE 100 (+3.8%) and the ASX 300 (+2.6%) indices were also key drivers of the outperformance.

Brent Oil prices rose $2.07/bbl to $69.23/bbl, partly driven by the reflation trade and strong global demand. Iron ore prices surged to $US218/Mt, and then retraced slightly, still ending the month up $US14.50/Mt at $US201.50/Mt. Gold prices rose $132.30/oz to $1,899.95/oz largely driven by a weaker US Dollar and cooling US April manufacturing data. The Australian Dollar finished the month 0.23% higher. The Australian Dollar outperformed the G10 complex into the start of the month as commodities rallied.

The ASX300 Accumulation Index continued its rise in May, closing 2.3% higher. Resources and Industrials performed positively across most size indices with Small Industrials (-0.6%) the only negative performer in the month. Large caps (+2.9%) performed strongly in May. Mid (+0.9%) and Small caps (+0.3%) lagged but were still positive. Within sectors, Financials rose the most (+5.7%) followed by Consumer Discretionary (+3.5%) and Health Care (+3.5%). Info Tech (-9.9%) and Utilities (-6.6%) sectors fell most during the month.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,140,200 (net of fees excluding performance fees). This compares very favourably with the return of the market, where a $100,000 investment would have increased to $658,100 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	PVA0001AU	PVA0011AU
Minimum Investment	$20,000	N/A
Issue price	$ 1.8929	$ 1.8881
Withdrawal price	$ 1.8785	$ 1.8739
Distribution (31/12/2020)	$0.0550	$0.0550
Indirect Cost Ratio (ICR)*	1.435% p.a.	1.23% p.a.
Performance fee**	20.5%	20.5%

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

Fund review and strategy

The fund's return was +1.4% in May, 0.9% below the ASX300 Accumulation Index of +2.3%.
Key positive contributors for the month were **Commonwealth Bank** (CBA +12.0%), **CSL** (CSL +7.0%) and **Uniti Wireless** (UWL +7.9%). Key detractors were **NRW** (NWH -17.0%), **Macquarie Group** (MQG -5.3%) and **AUB Group** (AUB -5.0%).

After the strong rebound in markets over the last 14 months if feels like the easy money has been made. Broadly speaking, valuations are quite full and the spectre of higher inflation and interest rates looms as a longer term risk. We are still positive on equity markets but conscious that future returns may be may be more moderate.

We believe our investing style, which leans towards GARP (growth at a reasonable price), is well suited to these conditions. Quality businesses which are economically resilient, growing their earnings and reasonably priced should perform well.

Recent market returns have appeared benign but there has been significant volatility below the surface. Highly valued tech stocks have been hit hard in recent months with many well-owned companies down more than 50% from their high's due to a combination of higher long term bond yields and stock specific factors eg ZIP Co, EML Payments, Nuix. This is not an area of focus for us so the fund has been spared the impact.

Commonwealth Bank reported a solid third quarter result in May that featured strong interest margins and volume growth. With a solid housing market and rebounding economy, the outlook appears favourable for CBA.

Uniti Wireless(UWL) continued to perform strongly and has more than doubled since we purchase the stock in 2020. It has an appealing business model with an unusual combination of infrastructure-like assets with a strong growth profile. UWL provides fibre networks to new broad-acre housing estates somewhat like a mini-NBN. These networks then provide a long-dated earnings stream from each broadband connection which is in very high demand. A strong housing market is driving increased network conduction and connections. Work from home and streaming services like Netflix are increasing volume and speed demand.

NRW is being impacted by labour tightening in Western Australia due to lack of immigration and frequent state border closures. This is pushing up costs. Demand for NRW's services remain strong.

Top Contributors (Absolute)	Sector
Commonwealth Bank	Financials
CSL	Health Care
Uniti Group	Communication Services
Top Detractors (Absolute)	**Sector**
NRW Holdings	Industrials
Macquarie Group	Financials
AUB Group	Financials

Platforms
Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, IOOF, Global One, Macquarie Wrap, Netwealth, Powerwrap, Symetry, Wealthtrac

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