Prime Value Growth Fund
Fund Update – April 2022

- The prospect of higher interest rates leading to slower growth weighed on equity markets.
- The Fund returned -0.9% in April, in line with the ASX300 Accumulation Index of -0.8%. Underweight positions in the mining and banking sector helped offset underperformance from being underweight energy and utility stocks.
- The fund is largely exposed to businesses that are relatively defensive and less influenced by the economic cycle.

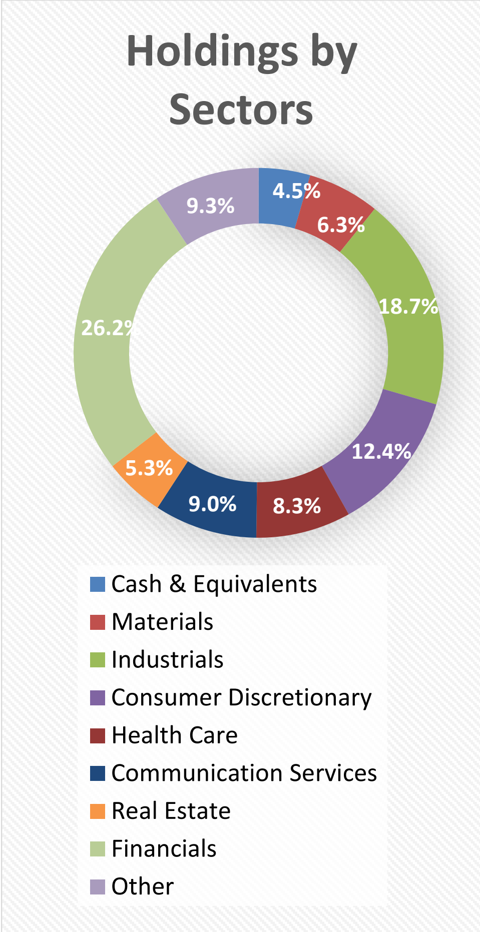
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.8%**	8.5%	2.3%
5 Years (p.a.)	**6.6%**	9.0%	-2.4%
3 Years (p.a.)	**8.1%**	9.7%	-1.5%
2 Years (p.a.)	**21.5%**	20.4%	1.1%
1 Year	**4.8%**	10.2%	-5.4%
3 Months	**1.9%**	8.2%	-6.3%
1 Month	**-0.9%**	-0.8%	-0.1%

*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
BHP Group	Materials
Commonwealth Bank	Financials
CSL	Healthcare
Macquarie Group	Financials
EQT Holdings	Financials

The top five holdings make up approximately 24.5% 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



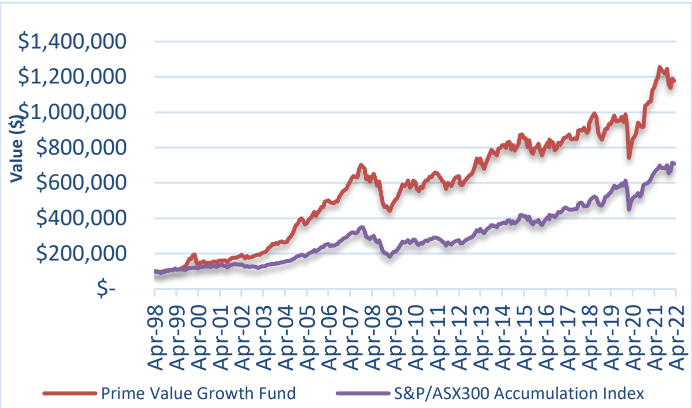
Market review

April proved a weak month for global equities, as rising inflation fuelled concerns of a slowdown in economic growth. Major equity markets fell, except for the FTSE 100 Index (+0.8%). The MSCI World Index fell -6.5% led by US markets where the S&P500 Index fell -8.7%. The NASDAQ dropped another -13.2% over April as investors continued to sell down tech and 'growth' stocks. The NASDAQ has now fallen over 20% so far in 2022. Markets in Europe and Japan also fell over the month with the Stoxx 50 Index down -2% and the Nikkei 225 Index down -3.5%.

Government bonds continued to sell-off (yields moved higher) and currency markets were volatile. On the latter, the Australian dollar enjoyed strong gains against several currencies, presumably a reflection of strengthening terms of trade via rising commodity prices. Brent oil prices finished April up US$1 at US$109/bbl. Further gains were limited on weaker oil demand prospects from China due to continued expansion of lockdowns and mass testing across the region.

The ASX300 Accumulation Index lost ground (-0.8%) in April, relatively outperforming the DM World Index (-6.9%), the EM World Index (-3.5%) and the S&P500 Index (-8.7%). Whilst we observed a large drawdown within the Technology sector, Resources performed best within small caps, whilst Industrials had the edge in the mid- to small-cap stock universe. Size favoured large caps over small.

On a sector basis, Utilities (+9.3%) was the strongest performer, while Industrials (+3.5%), and Consumer Staples (+3.3%) also outperformed in Australia. The IT (-10.4%), Materials (-4.3%) and Consumer Discretionary (-3.1%) sectors relatively underperformed.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,179,000 (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 $708,700 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	PVA0001AU	PVA0011AU
Minimum Investment	$20,000	N/A
Issue price	$ 1.8723	$ 1.8581
Withdrawal price	$ 1.8724	$ 1.8582
Distribution (31/12/2021)	$ 0.0475	$ 0.0475
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 -0.9% in April, in line with the ASX300 Accumulation Index of -0.8%. The fund's underweight exposure to banks and resources companies helped offset the underperformance from being underweight energy and utility stocks.

Key positive contributors for the month of April were **nib Holdings** (NHF +11.3%), **United Malt** (UMG +10.1%) and **Kelsian** (KLS +12.5%). Key detractors were **BHP** (BHP -7.2%), **Omni Bridgeway** (OBL -10.5%) and **Pinnacle** (PNI -10.3%).

nib Holdings (NHF) rose strongly in a weaker market, as the government further eased COVID restrictions, and international travel bookings ramped up. Health insurance is a resilient industry that has the ability to pass on inflationary pressures through higher insurance premiums, and while the current decline in the number of elective surgeries (and therefore hospital claims) is creating excess profits in the short-term, the opening up of international travel and increasing international student mobility is set to benefit the group's travel and overseas student insurance businesses in the years ahead.

United Malt (UMG) rebounded in April, recovering much of its March decline. The company is one of the largest independent maltsters in the world, with the majority of its operations in the USA, and a strong exposure to the structurally growing craft beer market. As a processor of malt, the company is generally able to pass through raw material cost increases to its customers, although the current supply chain issues around the world is currently causing it to absorb higher logistics costs. While COVID restrictions have impacted the group's earnings in recent years due to lower on-premise beer consumption, this represents upside going forwards as restaurants and pubs re-open, and concerts and sporting events return.

BHP (BHP) underperformed the Resources sector more generally, with its March quarterly activities report highlighting lower than expected production across iron ore, copper and oil, in addition to reducing its FY22 production guidance for copper and nickel. This was largely due to the continuing impacts of COVID on labour availability.

As we mentioned last month, the fund is largely exposed to businesses that are relatively defensive and less influenced by the economic cycle.

While we can't predict the short-term direction of equity markets, the recent sell-off continues to provide us with opportunities to buy high quality companies at attractive prices. To that end, the fund has a sizeable cash position to take advantage of any price dislocations that emerge.

Top Contributors (Absolute)	Sector
NIB Holdings	Financials
United Malt	Consumer Staples
Kelsian Group	Industrials
Top Detractors (Absolute)	**Sector**
BHP	Materials
Omni Bridgeway	Financials
Pinnacle Group	Financials

Platforms

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

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