Prime Value Growth Fund
Fund Update – April 2023

- Global share markets moved higher in April as concerns eased regarding US banking stresses and the US economic slowdown.
- The fund's return was +2.6% in April, 0.7% above the ASX 300 Accumulation Index of +1.9%.
- The Australian equity market has had a good start to 2023 with the ASX300 +5.3% and the fund +5.4%.

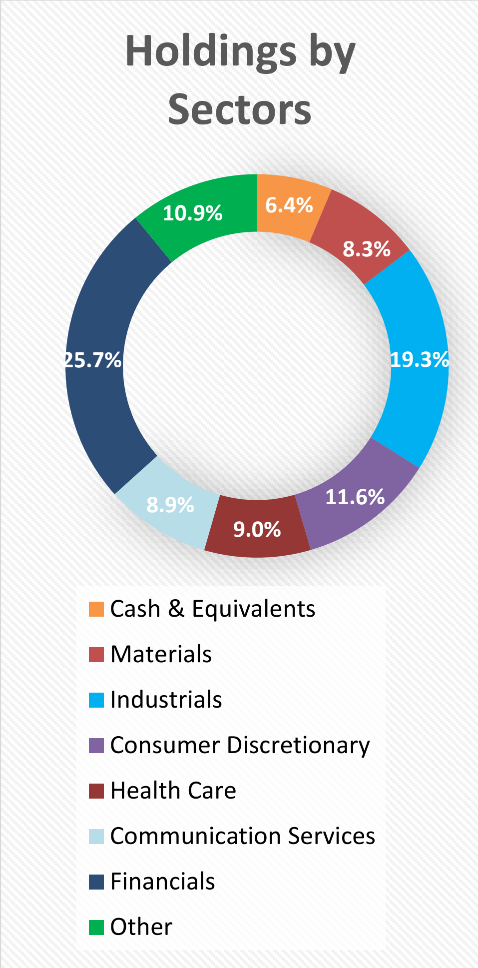
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.3%**	8.2%	2.1%
20 Years (p.a.)	**9.1%**	9.0%	0.1%
10 Years (p.a.)	**4.7%**	7.9%	-3.2%
5 Years (p.a.)	**5.0%**	8.2%	-3.2%
3 Years (p.a.)	**13.3%**	14.0%	-0.7%
1 Year	**-1.3%**	2.1%	-3.4%
3 Months	**0.7%**	-1.0%	1.7%
1 Month	**2.6%**	1.9%	0.7%

*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) 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 Limited	Health Care
EQT Holdings	Financials
Macquarie Group	Financials

The top five holdings make up approximately 29.7% 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

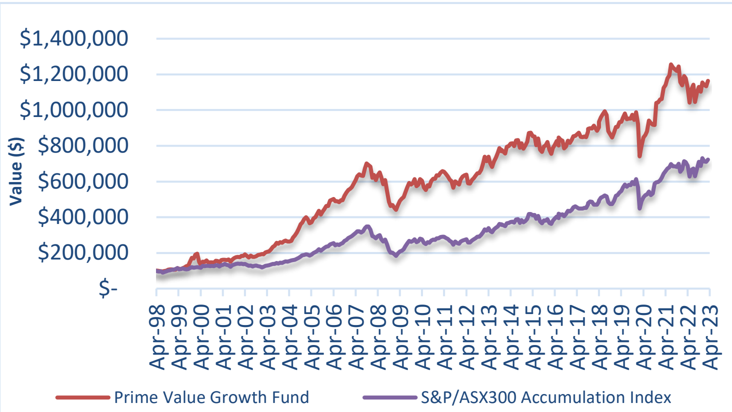


Market review

The MSCI Developed Markets Index rose +1.7% in April, while the S&P500 Index also gained momentum (+1.6%) in local currency terms in a recovery month for markets. The main drivers were stronger consumer sentiment and stabilising interest rates. Emerging markets underperformed Developed markets, falling -1.3% in April.

Australian 10-year bond yields were flat in April as the cash rate remained relatively unchanged, rallying a moderate 4bps to 3.34%. As has been common over the last 12 months, there was much focus on the RBA following their decision to pause at the start of April, the first pause since interest rate increases started in May 2022. Additionally the Treasurer released a review of the RBA with implications for the board's composition and transparency. US yields fell 5bps to 3.45%, on expectations of a pause to the US Federal Reserve's aggressive rate hike path. Commodity prices saw mixed trends over the month. Brent Oil fell US$0.23 to US$79.54/bbl, more than reversing the rise after OPEC+ announced oil production cuts in early April, as fears of global recession continue to drive prices lower. Iron Ore prices fell by $22.00 to US$105.00/Mt on lagging steel demand from China. Gold prices remained relatively flat over the month, up by just US$2.85 to US$1,983.

In Australia, a pause in monetary tightening triggered broader sentiment relief around domestic economic growth risks seeing the ASX300 Accumulation Index 1.9% higher over the month. With the exception of mid-cap Resources, Industrials performed better than Resources. The ASX200 A-REIT was the best performing specialty index, followed by md-cap 50 Resources. On a sector basis, the strongest performers in Australia were REITs (+5.3%), IT (+4.8%), and Industrials (+4.4%). The relative under-performers were Energy (+1.7%), Utilities (+1.4%) and Materials (-2.6%).



This graph shows how $100,000 invested at the Fund's inception has increased to $1,163,300 (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 $723,700 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	$ 1.7722	$ 1.7734
Withdrawal price	$ 1.7588	$ 1.7600
Distribution (31/12/2022)	$ 0.0329	$ 0.0347
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 returned +2.6% in April, 0.7% above the ASX 300 Accumulation Index of +1.9%.

The fund is overweight smaller companies in a focused, lower risk way i.e. growing, high quality, less cyclical businesses. Since the beginning of 2022 smaller companies have underperformed larger companies by circa 20% and this has been a major headwind to performance. In recent months this has started to reverse. When combined with the fund's outperformance relative to the small company index (Small Ordinaries Accumulation Index), fund performance has been improving. To some extent, future performance will also be driven by the dynamic of small v's large. However small companies are trading at an abnormally large valuation discount to large companies and that will unwind at some point. This implies there is more upside to small companies long-term. The timing is uncertain, but it can happen quickly.

April's solid returns were driven by our exposure to smaller companies. All 3 of our best performers were small while our largest detractor was a large cap (BHP).

Lindsay Australia (LAU.ASX, +38%) is a relatively small position in the fund but materially benefitted performance after upgrading guidance for earnings in the current financial year. EBITDA is now expected to be 50% above last year and it appears this may be conservative. The recent liquidation of Lindsay's largest competitor (Scott's) has removed capacity from the industry coming into the seasonally strongest period which provides strong pricing power to incumbent operators. In many cases, contracts are being locked-in for 3-5 years at significantly higher prices thereby ensuring long term benefits for the company. Despite the stock price tripling from our original purchase last year, it remains attractively priced on an FY24 PE of c. 10x, yielding 5% fully franked.

Helloworld (HLO.ASX, +36%) is a tourism operator exposed to international travel. In April HLO also upgraded earnings guidance for the current financial year. Guidance still appears conservative given the implied earnings for the fourth quarter is similar to the seasonally weaker third quarter. It is reasonable to expect the fourth quarter to be materially higher. Momentum remains strong for tourism operators globally due to pent-up demand after 3 long years of covid restrictions and health concerns.

AUB Group (AUB.ASX, +8%) is an insurance broker that made a UK acquisition in 2022. Initial concerns with the risk of a large offshore acquisition are dissipating and the insurance premium cycle is still positive, further supporting earnings growth.

Top Contributors (Absolute)	Sector
Lindsay Australia	Industrials
Helloworld	Consumer Discretionary
AUB Group	Financials
Top Detractors (Absolute)	**Sector**
BHP	Materials
United Malt	Consumer Staples
Alliance Aviation	Industrials

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

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