Prime Value Growth Fund
Fund Update – July 2023

- Global share markets rose in July, buoyed by optimism that the interest rate tightening cycle is close to the peak.
- The fund's return was +2.8% for the month of July, in line with the ASX 300 Accumulation Index return of 2.9%. This continued the strong performance of the index, which is now up 8% since the interest rate tightening cycle began in March 2022.
- With few investors expecting such strong equity markets amid continued economic uncertainty, and short-term returns being difficult to predict, we subscribe to the old adage that "it's not about timing the market, but about time in the market".

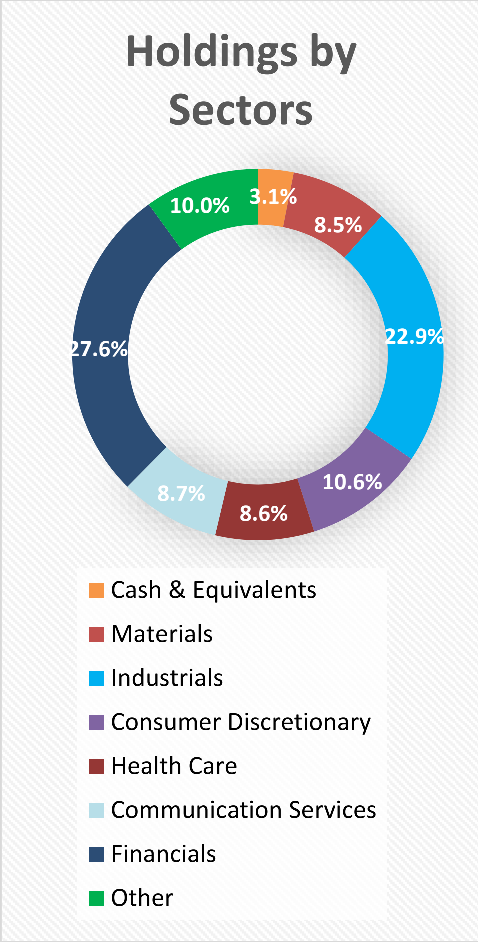
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.4%**	8.2%	2.2%
20 Years (p.a.)	**9.0%**	8.9%	0.1%
10 Years (p.a.)	**5.5%**	8.3%	-2.8%
5 Years (p.a.)	**4.6%**	7.5%	-2.9%
3 Years (p.a.)	**11.5%**	11.9%	-0.4%
1 Year	**9.3%**	11.1%	-1.8%
3 Months	**5.0%**	2.0%	3.0%
1 Month	**2.8%**	2.9%	-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
EQT Holdings	Financials
CSL Limited	Health Care
AUB Group Limited	Financials

The top five holdings make up approximately 29.4% 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



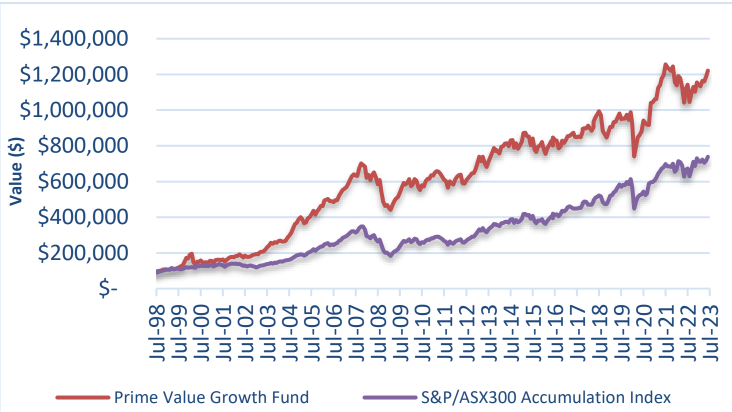
Market review

The MSCI Developed Markets Index rose (+2.9%) over July, while the S&P 500 Index also gained momentum (+3.2%) in local currency terms in a rebounding month for equities. The gains followed softer-than-expected inflation data in the US and Australia, which reduced the risk of further rate hikes.

Australian 10-year bonds sold off 3bps across July to 4.05%, remaining relatively unchanged after the RBA paused rate hikes at 4.10% in the July 2023 meeting. US 10-year bonds also sold off, moving 14bps from 3.81% to 3.95%, on the continuation of the US Federal Reserve's hawkish tone, raising rates once again by 0.25% to 5.5%. Broadly, macro indicators continued to be mixed leading to conflicting conclusions on the outlook for inflation and interest rates.

Commodity prices rose across the board over July. Brent Oil rose by US$10.09 to US$84.99/bbl, trading on tighter market fundamentals and improved US macroeconomic data. Iron Ore prices rose by US$1.00 to US$114.50/Mt on Chinese steel demand and iron ore supply rising seasonally. Gold prices held steady despite dollar fluctuations and uncertainty in interest rates, rising by US$42.00 to US$1,954.

The ASX300 Accumulation Index rallied off mid-month (reached on July 10) lows to close +2.9% higher in July. Except for the Staples and Health Care sectors, all sectors participated in the rally. Energy and Financials were the top two performing sectors for the month, adding the most value to the broader market total returns, with the latter contributing 135bp, largely through Banks' outperformance. Mid-caps stocks were preferred over small and large for month, led by the Industrials sector. With inflation slowing without any rise in unemployment (so far), investors are more hopeful of a soft economic landing and this supported the outperformance of the cyclical part of the market.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,221,900 (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 $738,400 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	$ 1.8244	$ 1.8250
Withdrawal price	$ 1.8106	$ 1.8112
Distribution (30/06/2023)	$ 0.0359	$ 0.0374
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

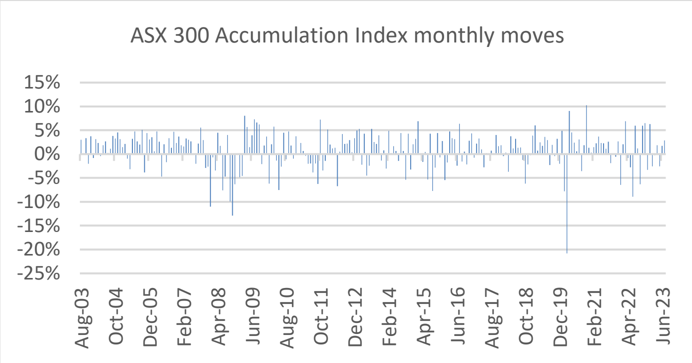
Fund review and strategy

The fund returned +2.8% in July, in line with the ASX 300 Accumulation Index return of +2.9%. Key fund contributors over the month were **Lindsay Australia** (LAU +18.4%), **Commonwealth Bank** (CBA +5.4%) and **SG Fleet** (SGF +13.9%). Key detractors were **Austal** (ASB -7.2%), **CSL** (CSL -3.2%) and **Kelsian** (KLS -4.5%).

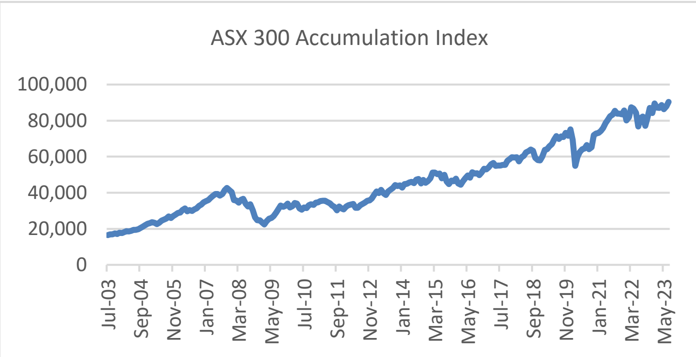
July continued the strong recovery in the ASX 300 Accumulation Index which is actually +8% from the beginning of the interest rate tightening cycle in March 2022.

As we mentioned last month, very few investors expected such strong market returns highlighting that short term returns are hard to predict and long-term investing is best.

We highlight this via a couple of twenty-year charts, the first of which shows the monthly returns of the ASX 300 Accumulation Index since July 2003, which appears relatively volatile and lacking direction.



However, zooming out and viewing the same data in the form of the index's performance paints a clearer picture of the long-term growth of equity markets, which are ultimately driven by corporate profit growth.



And so just as we do not profess to be able to predict the direction of equity markets in the short-term, we do subscribe to the old adage that "it's not about timing the market, but about time in the market".

Top Contributors (Absolute)	Sector
Lindsay Australia	Industrials
Commonwealth Bank	Financials
SG Fleet	Industrials

Top Detractors (Absolute)	Sector
Austal	Industrials
CSL	Healthcare
Kelsian	Industrials

Platforms

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

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