Prime Value Growth Fund
Fund Update – April 2020

- Equity markets started to rally aggressively in late March and into April, with monetary stimulus proving effective
- Encouragingly our discussions with companies across numerous sectors indicate that business activity, whilst down, appears to be getting no worse and is poised to recover as economies restart
- The Fund posted a 7.8% gain during the month, with a number of holdings rising over 30% during the month from oversold positions

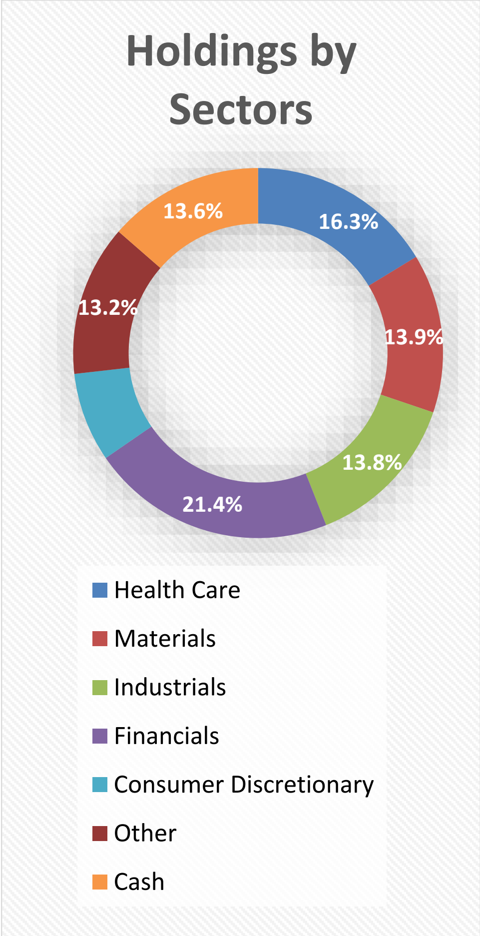
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**9.9%**	7.5%	2.4%
5 Years (p.a.)	**(1.3%)**	3.5%	(4.8%)
3 Years (p.a.)	**(2.2%)**	2.0%	(4.2%)
1 Year	**(14.3%)**	(9.1%)	(5.2%)
3 Months	**(19.1%)**	(20.4%)	1.3%
1 Month	**7.8%**	9.0%	(1.2%)

*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
CSL	Health Care
Commonwealth	Financials
BHP	Materials
ANZ	Financials
Macquarie Group	Financials

The top five holdings make up approximately 34.1% of the portfolio

Feature	Fund facts
Portfolio Manager	ST Wong
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

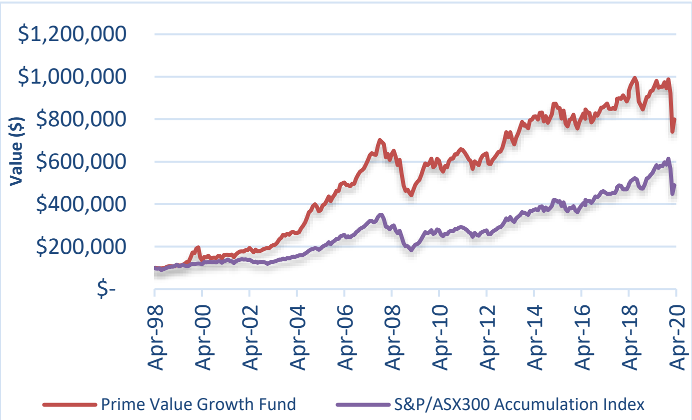
After the negative performance of March, most asset classes globally were largely positive in April. Share markets posted an aggressive recovery during April with most markets posting gains in the high single digits but closer to 20% from the lows seen on 23 March this year. The US was an exception with both the S&P500 and Nasdaq Composite indices up 30% off their lows and up 13% and 15% respectively for the month.

Rising confidence in stimulus measures by governments and central banks saw the ASX300 Accumulation Index rally 9% in April, the best month since 1992.The Australian share market would have been much stronger had it not been for the heavyweight banking sector which closed flat as the major banks reported soft earnings, increased bad debt provisioning, a capital raising, and regulatory headwinds. Towards the end of April focus on economies re-opening and eventual recovery scenarios took hold leading to Small cap stocks outperforming large caps. The Energy and IT sectors led performances, whilst Staples and Utilities lagged.

Following the bounce in April, while no market is ahead of its January 2020 levels (an arbitrary date to nominate as pre-COVID19), some markets are close such as the Nasdaq Composite (-3%), Shanghai Composite (-4%), and Korea Stock Exchange (-8%).

The Australian Dollar rallied 4.3 cents to $0.655 against the US Dollar, more than 10 cents above the lows of $0.55 touched in March. The gold price rallied to the highest since 2012. Notably oil prices turned negative for the first time due to production output disagreements between Saudi Arabia and Russia.

After closing out a very strong rebound in the month of April, the focus now moves to sustainability of the stock market rally, valuation multiples and companies' earnings.



This graph shows how $100,000 invested at the Fund's inception has increased to $799,100 (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 $488,900 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0001AU	PVA0011AU
Minimum Investment	$20,000	N/A
Issue price	$1.4582	$1.4531
Withdrawal price	$1.4472	$1.4421
Distribution (31/12/2019)	$ 0.1000	$ 0.1003
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 posted a gain of 7.8% in April, against the ASX300 Accumulation Index's 9.0% increase, with a number of investments rising over 30% from oversold situations. The top contributors to performance in April included investments that have very solid balance sheets but were sold-off aggressively in the preceding month: **BHP** (11.6%), **Worley** (46.3%) and **City Chic** (47.8%). The top detractors from performance in April were positions that could be classed as "defensive" stocks: **Fisher & Paykel Healthcare** (-12.2%), **Resmed** (-5.2%) and **Ramsay Healthcare** (9.3%).

We moved from a risk management phase to an investment and consolidation phase towards the end of March: we increased our investments across a number of our existing holdings, some of which we had pared weightings much earlier on. We took advantage of lower prices through on-market purchases and through deeply discounted capital raisings. During the month the Fund's cash holdings declined from a high of 19% to 13.6%, despite taking profits in selected healthcare companies. Our guidelines to investing through this challenging period include: (1) Remain focus on investing in and adding to well managed companies that are unburdened by debt and can sustain growth over the long term. Several of these companies are well positioned to take advantage of weaker competitors (Cleanaway, Ramsay Healthcare); (2) Increase exposure to companies that are less, or at least not negatively exposed, but whose share prices have been deeply discounted (Collins Food, Macquarie Group); and (3) Make selective investments in quality companies whose earnings continue to remain under significant pressure. We expect these companies to emerge from COVID 19 in potentially stronger competitive positions (IDP Education).

As we enter May we will be consolidating our positions with our research analysis focussing on the medium-term impacts on earnings and cash flow for the companies in the portfolio. The direct shock of COVID 19 appears to be reducing on markets but we expect the follow on economic impact to continue for some time. In our view, the earlier than expected re-opening of the Australian economy is a key positive and pulls forward our expectation of an economic recovery. Formalisation of Australia's re-opening and recovery plan will give us the opportunity to solidify our views on potential investment opportunities. In the current environment we believe there are significant opportunities in the market as there have been some very large short term price movements and volatility in the market.

Top Contributors (Absolute)	Sector
BHP	Materials
Worley	Energy
City Chic	Consumer Discretionary
Top Detractors (Absolute)	**Sector**
Fisher & Paykel	Health Care
Resmed	Health Care
Ramsay Health Care	Health Care

Platforms

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

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