Prime Value Growth Fund
Fund Update – November 2020

- The 10.2% gain in the ASX300 Accumulation Index in November was one of the best monthly returns since 1980
- Gains on the ASX were led by "value" or beaten down stocks such as banks and energy companies, following an extremely challenging prior six months for these companies
- The Fund returned +9.7% in November, 0.6% below the ASX300 Accumulation Index of +10.2%.

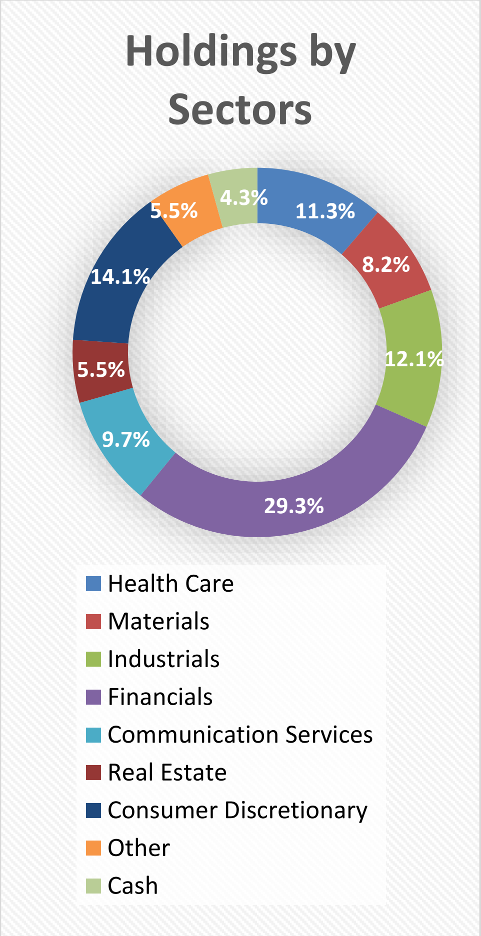
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.7%**	8.1%	2.6%
5 Years (p.a.)	**4.7%**	9.1%	(4.5%)
3 Years (p.a.)	**4.0%**	7.1%	(3.1%)
1 Year	**3.4%**	(1.6%)	5.0%
FY2021 YTD	**16.9%**	12.2%	4.7%
3 Months	**7.0%**	8.3%	(1.2%)
1 Month	**9.7%**	10.2%	(0.6%)

*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
BHP	Materials
Commonwealth Bank	Financials
Macquarie Group	Financials
News Corporation	Communication Services

The top five holdings make up approximately 31.5% 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



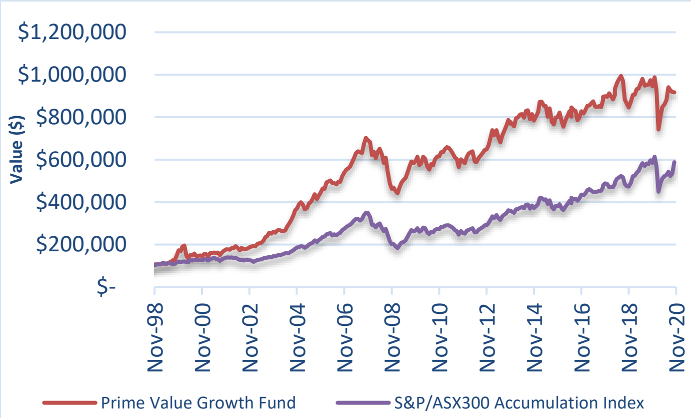
Market review

Global markets rose through November, driven by positive vaccine news and increased certainty regarding the US election result. The outcome of the US election – a constrained Biden Presidency – was taken positively by markets, but the real driver of the global rally in stocks was the vaccine news. With not just one, but two vaccines with over 90% effectiveness, investors have a clear line of sight on the end of the pandemic, and a normalisation of the economy.

Globally, no sectors fell in November, with Energy and Financial sectors outperforming the most. The S&P 500 Index rose 10.9% in November, but still underperformed slightly against the DM World Return Index of 12.8%. The world developed markets outperformance was led by the Euro Stoxx Index, which rose sharply by 22.5% in US Dollar terms. In comparison World emerging markets underperformed slightly, rising by 9.3% in US Dollar terms. The Nikkei 225 Index also rose sharply, rising 15.1% in November.

Brent Oil prices rose US$10.13/bbl to US$47.59/bbl, partly driven by vaccine optimism. Iron ore prices rose by US$12.50/t to US$119.30/t. Gold prices decreased substantially from US$1,881.85/oz to US$1,762.55/oz due to increase in risk on sentiment and higher real yields.

The 10.2% total return in November for the ASX300 Accumulation Index ranks within the top 10 monthly returns since 1980. Value stocks took a leading role, outperforming growth stocks by 12%. The Energy sector led the market up with the Financials sector not far behind. The Staples, Utilities, Healthcare sectors were sold off to fund the rotation. While both had strong performances, Resources fared better than Industrials across most of the size indices with the exception of mid-caps. Large (11.0%) and Small Caps (10.3%) sectors were in line with the ASX300 Accumulation Index performance, with the Mid Cap 50 Index (6.6%) lagging. Within sectors, Energy rose the most (+28.5%) followed by Financials (16.1%). Staples (-0.7%) was the only negative in the month, while Utilities (1.5%) and Health Care (2.7%) were notable laggards.



This graph shows how $100,000 invested at the Fund's inception has increased to $917,400 (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 $587,800 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	$1.7258	$1.7200
Withdrawal price	$1.7128	$1.7070
Distribution (30/06/2020)	$0.0957	$0.0968
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 9.7% in November, 0.6% below the ASX300 Accumulation Index of 10.2%.

Key positive contributors were **News Corp** (NWS +32.8%), **BHP** (BHP +12.7%) and **Commonwealth Bank** (CBA +14.5%). Key detractors were **Bapcor** (BAP -8.5%), **Breville Group** (BRG -7.6%) and **Collins Foods** (CKF -3.2%).

To put the current market in context it's worth looking back at the 3 main phases this year;

Phase 1 (February-March): the ASX300 Accumulation index (index) declined 27.0% as the implications of a global pandemic became evident. There were few winners in this market with **Fisher Paykel Healthcare** a rare exception as it provides equipment for the treatment of covid patients.

Phase 2 (April-October): the index rebounded +18.9% as it became evident that government and central bank support would limit the economic impacts. There were clear covid winners (incl tech, online retail) and covid losers (incl travel, media). We maintained a long term view, selling winners when valuations became stretched and selectively purchasing covid losers (vaccine beneficiaries) when valuations were extremely attractive eg **Southern Cross Media**.

Phase 3 (from November): multiple successful vaccine trial results in early November switched the focus to a world post covid. Initially, stocks reversed previous trends and previous covid winners (incl tech, online retail) fell and covid losers rose sharply (incl travel, media). In November the index rebounded +10.2% and we captured almost all of this upside.

So where to from here? We are not in the game of picking markets (we pick stocks) but the outlook does appear positive for equities; an impending global rollout of multiple vaccines with high efficacy, global economic growth likely to rebound strongly in 2021 as economies re-open and interest rates likely to stay very low for many years. A supportive combination. Looking out 12 – 24 months it's possible to imagine a world where health risks have largely normalised and our freedoms restored. Australia's response to the pandemic is likely to enhance its reputation as a safe and prosperous place to live and do business.

We remain optimistic on the outlook for the fund and continue to find many appealing new investments. Times of change are good for experienced stock pickers.

Top Contributors (Absolute)	Sector
News Corporation	Communication Services
BHP	Materials
CBA	Financials

Top Detractors (Absolute)	Sector
Bapcor	Consumer Discretionary
Fisher & Paykel Healthcare	Health Care
Breville Group	Consumer Discretionary

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

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