Prime Value Growth Fund
Fund Update – December 2020

- Global share markets posted further gains on top of strong November rallies and in spite of incrementally negative COVID-19 news during the month.
- 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 +3.2% in December, 1.9% above the ASX300 Accumulation Index of +1.3%. For calendar year 2020, the fund returned +9.9%, 8.2% above the index return of +1.7%

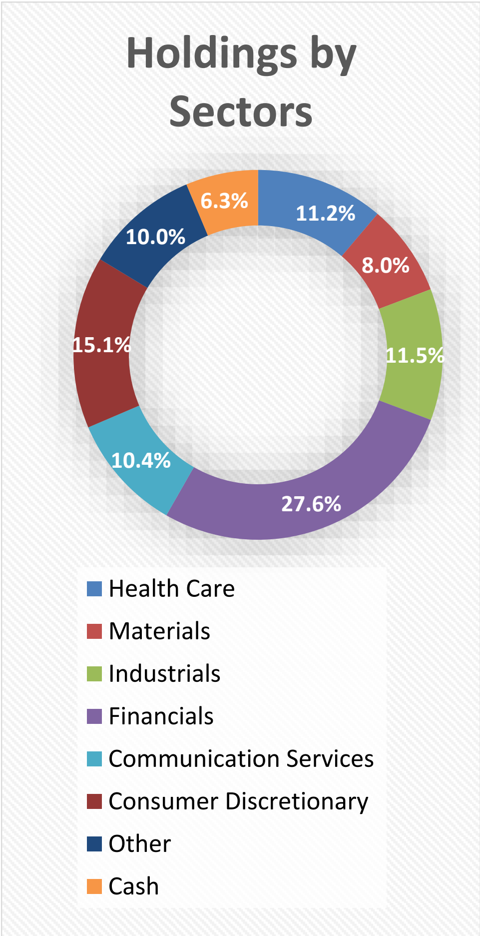
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.8%**	8.1%	2.7%
5 Years (p.a.)	**4.8%**	8.8%	(4.0%)
3 Years (p.a.)	**5.0%**	6.9%	(1.9%)
2 Years (p.a.)	**10.8%**	12.2%	(1.4%)
1 Year	**9.9%**	1.7%	8.2%
3 Months	**12.2%**	13.8%	(1.6%)
1 Month	**3.2%**	1.3%	1.9%

*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

Top five holdings	Sector
BHP	Materials
CSL	Health Care
Commonwealth Bank	Financials
Macquarie Group	Financials
Pinnacle Investment Management Group	Financials

The top five holdings make up approximately 28.6% 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



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.

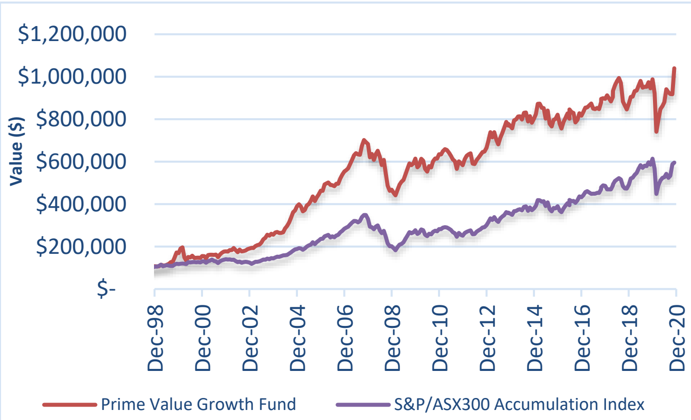
Market review

US equities had a strong month in December, rallying following the commencement of COVID-19 vaccine distribution and general optimism for 2021. A notable development was President Trump signing the aid bill four days before the end of the year. The combined US$2.3 trillion relief and government funding package prompted the S&P500 Index to finish December up 3.7%, the Nasdaq 5.1% higher and the Dow Jones Industrial Average up 3.7%. In Europe, the STOXX600 and the FTSE100 indices rose 2.5% and 3.1% respectively as COVID-19 vaccines fuelled hopes of an economic rebound, while the U.S. election and Brexit deal reduced political risks. The Basic Materials sector stood out for the STOXX600 Index returning 10.8%, followed by Travel and Leisure (+6.5%). Consumer Products and Services (+5.8%). Telecommunication lagged the index down (-3.1%) over the month.

Crude oil futures posted further gains in December. WTI and Brent Crude oil gained 7.0% and 10.5% in December, following 26.7% and 27.9% in November. Gold posted the first monthly gain since July after a run of losses prompted by the development of effective COVID-19 vaccines. Gold increased 6.8% in December. Despite the government struggling to contain COVID-19 clusters within Australia, the Australian Dollar finished the year strongly at 76.9c against the US Dollar.

The ASX300 Accumulation Index was stronger in December, closing 1.3% higher and leading global peers for the quarter. Resources fared better than Industrials across all size indices by a significant margin with the ASX200 Resources Index returning +8.5% compared to the ASX200 Industrials index falling -0.6%. Mid-Caps (+3.4%) outperformed Small (+2.8%) and Large (+0.7%) Indices. Within sectors, Info Tech rose the most (+9.5%) followed by Materials (+8.8%). Utilities (-5.4%) and Health Care (-4.9%) fell the most in the month.

Australia is well placed. We expect Australia's economic recovery to continue in 2021, helped by lower virus incidence and sustained policy support. Recent economic data has been better than expected, and while momentum should slow in 2021, the economy has a stronger base to build on the recovery.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,039,800 (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 $595,600 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	$1.7206	$1.7149
Withdrawal price	$1.7188	$1.7131
Distribution (31/12/2020)	$0.0550	$0.0550
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 +3.2% in December, 1.9% above the ASX300 Accumulation Index of +1.3%.

Key positive contributors were **City Chic** (CCX +45.7%), **BHP** (BHP +11.5%) and **Pinnacle Investments** (PNI +15.6%). Key detractors were **CSL** (CSL -4.8%), **Helloworld Travel** (HLO -17.4%) and **United Malt Group** (UMG -7.2%).

For calendar year 2020, the fund returned +9.9%, 8.2% above the ASX300 Accumulation Index return of +1.7%.

Despite a tumultuous year for the global economy, the index was largely unchanged. After such a large decline in February and March, the subsequent rebound reflected large government and central bank support, along with relatively resilient corporate earnings (particularly technology and basic materials) and positive news on vaccines. ASX300 index returns were positive in 8 of the last 9 months of 2020.

2021 will be another interesting year. The Australian economy is recovering strongly, vaccines are being rolled out globally and a new US President will be inaugurated. There are also some recent concerns with rising US bond yields and virus mutations. But overall we remain positive on the outlook while highlighting the challenge of forecasting the direction of markets over the short term.

At the stock level we are still seeing many attractive investment opportunities and expect the coming year will provide more. With hundreds of suitable listed companies on offer each with a different business model, periods of change can provide lucrative investment opportunities. To uncover these opportunities we continue to undertake an active company meeting program, averaging more than 2 meetings per day.

We thank unitholders for investing your capital with us in 2020. We will be working to deliver for you in 2021.

Top Contributors (Absolute)	Sector
City Chic	Consumer Discretionary
BHP	Materials
Pinnacle Investments	Financials
Top Detractors (Absolute)	**Sector**
CSL	Health Care
Helloworld Travel	Consumer Discretionary
United Malt Group	Consumer Staples

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

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