Prime Value Growth Fund
Fund Update – February 2021

- Global share markets gained modestly in February as optimism grew that the global roll-out of vaccines will pave the way for full economic recovery
- The ASX300 Accumulation Index was up in February, closing 1.5% higher, with resources companies performing strongly due to expectations of good global economic growth
- The Fund returned +1.6% in February, 0.1% above the ASX300 Accumulation Index of +1.5%. For the first 8 months of the current financial year, the fund has returned +23.0%, 7.3% above the index return of +15.8%.

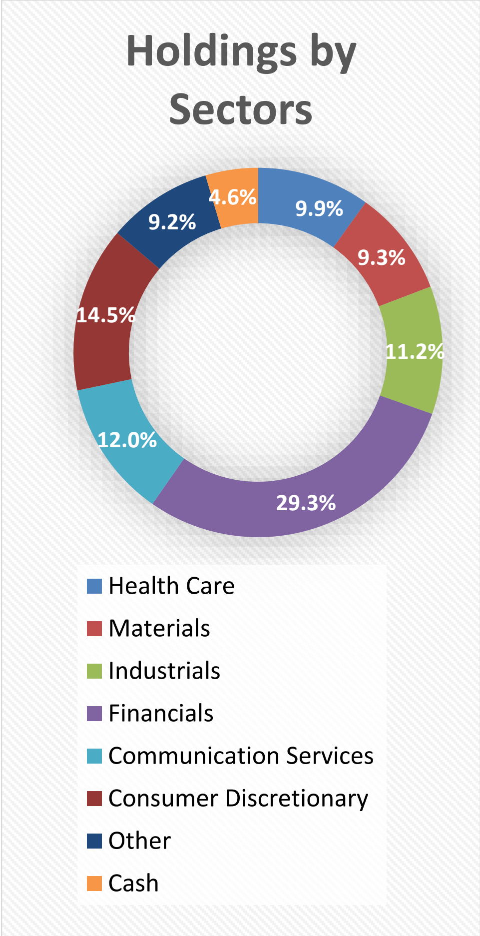
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.9%**	8.2%	2.7%
5 Years (p.a.)	**7.0%**	10.9%	(3.9%)
3 Years (p.a.)	**5.1%**	7.5%	(2.4%)
2 Years (p.a.)	**8.2%**	7.9%	0.3%
1 Year	**14.9%**	7.1%	7.9%
3 Months	**5.2%**	3.2%	2.1%
1 Month	**1.6%**	1.5%	0.1%

*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	Materials
CSL	Health Care
Commonwealth Bank	Financials
Pinnacle Investment Management Group	Financials
Macquarie Group	Financials

The top five holdings make up approximately 30.5% 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

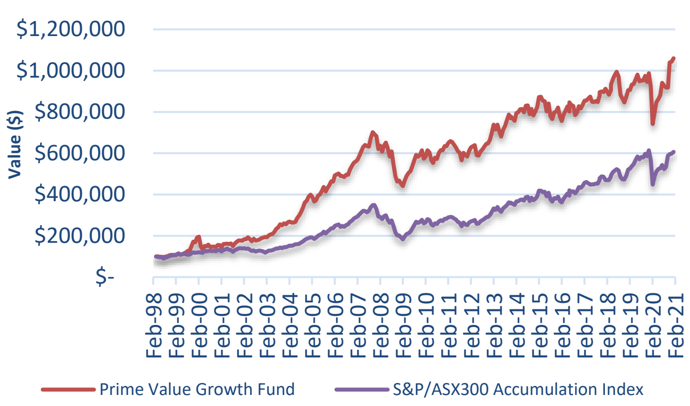


Market review

Global markets pulled back toward the end of February, as global bond yields rose. The MSCI World Developed Markets Index rose 2.6%, outperforming the Emerging Markets World return of 0.8% in US dollar terms. Developed market's outperformance was partially driven by the DJ Euro Stoxx which rose 4.5%. US President Biden's US$1.9tn stimulus package is currently awaiting approval from the Senate. The stimulus plan will provide $1,400 direct payments to eligible individuals, increase federal unemployment benefits from $300 to $400 per week, provide approximately $50bn of additional funding to schools, along with numerous other payments/initiatives. Talks of the Biden stimulus have prompted commentators to voice concerns over a consequential overheating of the US economy and higher inflation.

Brent Oil prices rose $10.25/bbl to $66.13/bbl, partly driven by the reflation trade and vaccine optimism. Iron ore prices surged to $US174.0$/Mt rising by $US16.0 $/Mt. Gold prices fell $120.95/oz to $1,742.85/oz.

ASX300 Accumulation Index rose 1.5% in February, underperforming the DM World Index return of 2.7% in local currency terms. Materials (+7.3%), Financials (+5.2%) and Energy (+2.4%) sectors outperformed in Australia. As expected in a rising yield environment the longer duration Technology sector underperformed the most (-8.9%). Utilities (-8.0%) and Consumer Staples (-4.6%) also underperformed. Large caps (+2%) performed strongest, while Small Caps (+1.6%) were also positive, but Mid Caps were down 1.4%. In the first two weeks of February the focus was on company results beats and misses. The market was rewarding stocks that beat due to COVID tailwinds and sold-off stocks that missed due to COVID headwinds. In the second half market focus shifted to the impact that rising bond yields was having on stocks. As a consequence and despite a strong reporting season, the ASX300 Index underperformed its global peers weighed by the sectors mentioned above.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,059,900 (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 $606,400 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	$1.7597	$1.7544
Withdrawal price	$1.7463	$1.7412
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 +1.6% in February, 0.1% above the ASX300 Accumulation Index of +1.5%.

Key positive contributors for the month were **BHP** (BHP +12.8%), **Pinnacle** (PNI +24.3%) and **News Corp** (NWS +18.3%). Key detractors were **Redbubble** (RBL -23.7%), **NRW** (NWH -29.7%) and **National Tyre & Wheel** (NTD -17.7%).

February was "reporting season" when most companies report their half yearly results to the market. It was surprisingly positive given the volatile economic conditions experienced through 2020. We had several positive results and some disappointing.

Pinnacle delivered a very strong result (affiliate net profit after tax +80%). Fund flow remains strong and has a better mix of fee generation providing a strong earnings outlook.

News Corp delivered a strong result across most of divisions that span online classifieds (Australia & US), newspapers (including The Wall St Journal), book publishing and pay TV. The large gap between the share price and the value of its underlying assets is narrowing. It's a rare investment that offers deep value, high quality assets and positive earnings momentum.

NRW suffered from higher employment costs due to WA's border closures restricting labour supply and its customers were slow to compensate. Consequently, earnings were lower than expected (net profit after tax -12%). Should the vaccination rollout continue as expected, this issue should subside over the coming year.

Redbubble delivered a slightly softer profit margin than expected and was punished. As a "covid winner" investors were quick to sell fearing the best news is behind it. It is our one online retail "covid winner" in the portfolio. Valuation is very attractive and we expect longer term benefits from increased market share in 2020.

National Tyre & Wheel (NTD) reported a very strong profit result (net profit after tax +400%) and trading update. However a key supplier (Cooper Tyres) was acquired by a competitor (Goodyear) driving concerns over the duration of NTD's distribution agreement.

We have made some modest changes to the portfolio and continue to be optimistic about the opportunities in the current market.

Top Contributors (Absolute)	Sector
BHP	Materials
Pinnacle Investments	Financials
Newscorp	Communication Services
Top Detractors (Absolute)	**Sector**
Redbubble	Consumer Discretionary
NRW Holdings	Industrials
National Tyre & Wheel	Consumer Discretionary

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

Contact details:
Brittany Shazell, Riza Crisostomo, Julie Abbott, Dora Grieve & Angela Ly
Client Services Team
Phone: 03 9098 8088

Mail:
Prime Value Asset Management Ltd
Level 9, 34 Queen Street
Melbourne VIC 3000
Email: info@primevalue.com.au
Web: www.primevalue.com.au