

Prime Value Growth Fund

Fund Update – March 2022



- Global equity markets recovered in March despite rising inflation and interest rates overhanging sentiment. Australia was one of the better performing markets globally, supported by rising commodity prices.
- The Fund returned +4.4% in March, 2.5% below the ASX300 Accumulation Index of +6.9%. A relatively strong mining and banking sector contributed to relative performance as we are underweight these sectors.

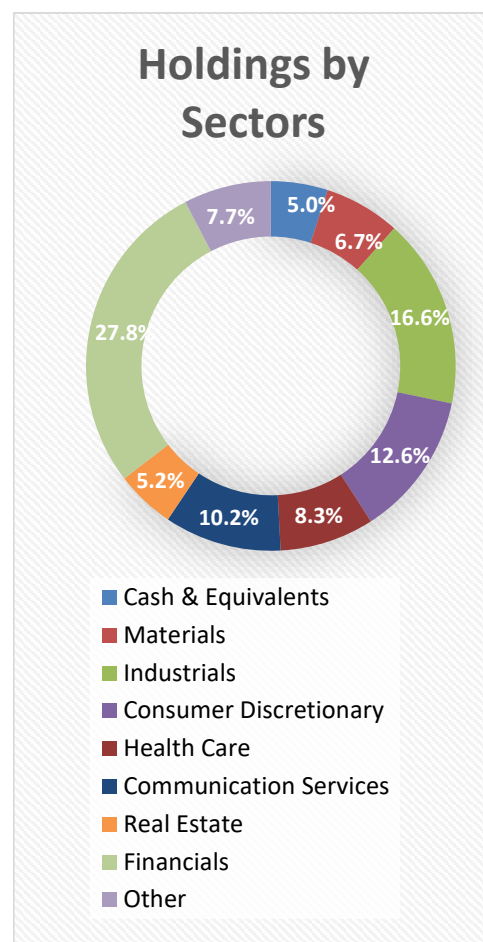
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	10.9%	8.5%	2.3%
5 Years (p.a.)	6.9%	9.4%	-2.5%
3 Years (p.a.)	9.5%	10.9%	-1.3%
2 Years (p.a.)	26.7%	26.2%	0.5%
1 Year	12.1%	15.2%	-3.1%
3 Months	-4.5%	2.1%	-6.6%
1 Month	4.4%	6.9%	-2.5%

*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

Top five holdings	Sector
BHP Group	Materials
Commonwealth Bank	Financials
CSL	Healthcare
Macquarie Group	Financials
EQT Holdings	Financials

The top five holdings make up approximately 24.8% 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



performance is not necessarily an indicator of future performance.

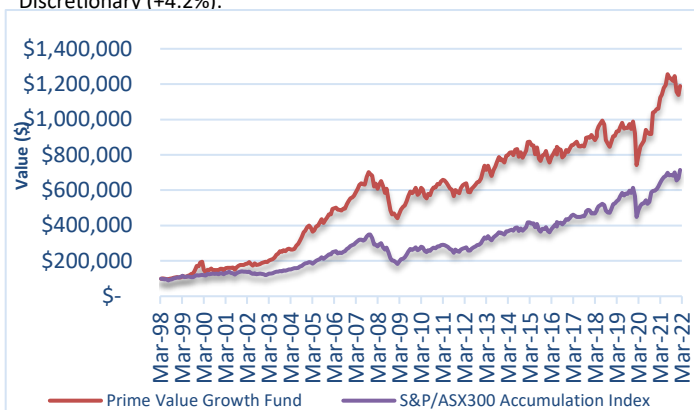
Market review

March was a strong month for equities with markets rising on news of peace talks between Russia and Ukraine. World share markets steadied somewhat during March despite the continued headwinds of high inflation, rising bond yields and war between Russia and Ukraine. However, performance was mixed with US markets trading higher while European markets ended the month broadly flat. In Asia, China was a notable laggard (-6%), weighed down by demand concerns following fresh lock-down measures to contain COVID, while Japan was up 5% with help from a weaker Yen boosting export competitiveness.

Government bonds continued to sell off (yields moved higher) and currency markets were volatile. On the latter, the Australian dollar enjoyed strong gains versus several currencies over the month, presumably a reflection of strengthening terms of trade from rising commodity prices.

Brent Oil prices continued to move upwards in March, climbing US\$7 to US\$108/bbl. Gold fell towards US\$1,900 at the end of the month, likely on unwinding of near-term safe-haven flows on potential for de-escalation in the Russia/Ukraine conflict.

The ASX300 Accumulation Index was +6.9% in March, marking a strong month for Australian equities. All sectors increased in March, driving broader market gains. Technology was the best performing sector in percentage terms but the largest contributor to index gains were Materials and Banks. Large caps stocks outperformed small / mid cap counterparts, with Resources outperforming Industrials across all size-biased indices. On a sector basis, IT (+13.2%) was the strongest performer, while Energy (+9.8%), and Materials (+8.9%) also outperformed in Australia. The REITs sector underperformed (+1.2%), along with Health Care (+2.5%) and Consumer Discretionary (+4.2%).



This graph shows how \$100,000 invested at the Fund's inception has increased to \$1,190,000 (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 \$714,600 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	\$ 1.8897	\$ 1.8895
Withdrawal price	\$ 1.8753	\$ 1.8751
Distribution (31/12/2021)	\$ 0.0475	\$ 0.0475
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 +4.4% in March, 2.5% below the ASX300 Accumulation Index of +6.9%. The fund's underweight exposure to resources and banks was the key driver of underperformance.

Key positive contributors for the month of February were **Uniti Group** (UWL +43.8%), **BHP** (BHP +10.9%) and **CBA** (CBA +13.2%). Key detractors were **United Malt** (UMG -10.9%), **City Chic** (CCX -13.0%) and **IPH** (IPH -3.9%).

Uniti Group was the highlight in March when it received several takeover offers, the latest at \$5.00 / share. This has been a fantastic investment for the fund, with an average entry price of \$1.57 reflecting a gain of 220% in just under 18 months. The deal is not yet finalised but looks likely to complete in coming months. We reduced our holding in March to lock-in some of these strong gains. Interestingly the offer came after the stock was sold down heavily in February (-21%) highlighting the importance of patience when investing in quality businesses.

Omni Bridgeway (OBL) was up strongly in March (+16.9%) but has been bouncing around and is down slightly over the last 2 years. Like Uniti Group, we believe patience will be rewarded. OBL is a litigation funder that generates most of its returns when legal cases are settled or completed. It has a large backlog of cases due to complete over the next 3 years which should see material capital returned to the business. Shareholders will share in these returns which are not affected by the economic cycle. It has been a long-term investment in the fund, requiring significant patience which we believe is about to be rewarded.

More broadly, the fund is largely exposed to businesses that are relatively defensive and less influenced by the economic cycle. In addition to Omni Bridgeway, our larger holdings are in industries like insurance broking, health insurance and funeral services. We have little exposure to more cyclical sectors like consumer spending and residential housing which can be impacted by interest rate rises. Markets will have good and bad periods but if the individual investments in the fund can grow their earnings, we are confident that the fund's investment returns will be positive over time.

Top Contributors (Absolute)	Sector
Uniti Group	Communication Services
BHP	Materials
Commonwealth Bank	Financials
Top Detractors (Absolute)	Sector
United Malt Group	Consumer Staples
City Chic Collective	Consumer Discretionary
IPH Ltd	Industrials

Platforms
Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, IOOF, Global One, Macquarie Wrap, Netwealth, Powerwrap, Symetry, Wealthtrac
Contact details:
Mail: Alyssa Hennessy, Riza Crisostomo, Julie Abbott, & Dora Grieve 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

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Growth Fund must obtain and read the PDS dated September 2017 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Growth Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.