Prime Value Growth Fund
Fund Update – February 2023

- February was a weak month for markets globally as central banks re-asserted a hawkish tone.
- The fund's return was -1.3% in February, 1.3% better than the ASX 300 Accumulation Index of -2.6%.
- Banks and resources were weak in February, a reversal of 2022 which was a headwind to fund performance over the last 12 month. Should this this continue, the fund is well positioned to perform.

	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.3%**	8.2%	2.1%
20 Years (p.a.)	**9.3%**	9.4%	-0.1%
10 Years (p.a.)	**4.4%**	7.9%	-3.5%
5 Years (p.a.)	**4.6%**	7.9%	-3.3%
3 Years (p.a.)	**7.3%**	7.9%	-0.6%
1 Year	**0.1%**	6.5%	-6.4%
3 Months	**1.0%**	0.2%	0.8%
1 Month	**-1.3%**	-2.5%	1.3%

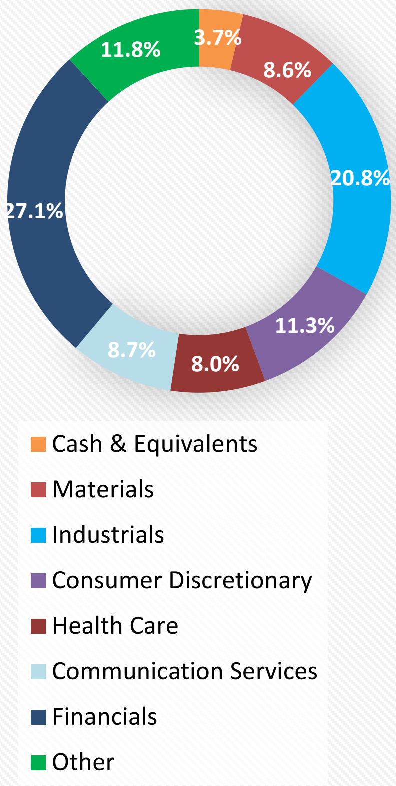
*Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. Past

Top five holdings	Sector
BHP Group	Materials
Commonwealth Bank	Financials
CSL Limited	Health Care
EQT Holdings	Financials
AUB Group	Financials

The top five holdings make up approximately 30.3% 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

Holdings by Sectors



performance is not necessarily an indicator of future performance.

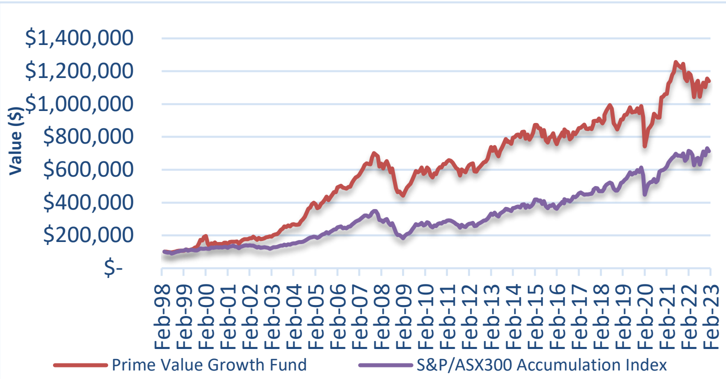
Market review

February was a weak month for equities, as company results illustrated declining earnings momentum. The MSCI Developed Markets Index fell (-1.5%), and the S&P500 Index also lost momentum (-2.4%) in local currency terms. Emerging markets underperformed Developed Markets, falling (-4.3%) across the month.

The RBA began the month with a more hawkish tone outlining their intention to take interest rates further. Australian 10-year bonds fell in reaction to tightening monetary policy, with yields rising 30bps to 3.86%. US 10-year bonds also fell with yields rising 39bps to 3.92%, in reaction to stronger than expected economic data.

Commodity prices generally weakened in February, driven by the strength of the US Dollar amid higher than-expected inflation statistics. Precious metals retraced on higher interest rates, with gold falling -5.2% to US$1,828/oz. Oil prices were fairly steady, with brent down less than 1% to US$83.89/bbl.

Following a positive start to calendar year 2023, the ASX retraced some of January's gains to close lower in February by -2.6%. Materials and Financial stocks dragged index returns lower. Within Financials however, Insurers were a bright spot assisted by strong performances from QBE and Medibank. Large caps were a drag on index performance with BHP the largest single stock detractor followed by the Banks (these were strong performers in 2022). Reporting season was a focus in February when companies reported their financial results for the 6 months ending December 2022. Earnings per share beats were only slightly ahead of misses and guidance statements were on balance negative. Some retailers reported slower sales growth in the new year but in aggregate there was not clear evidence of a sharp and broad-based slowing in consumer spending.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,140,700 (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 $612,200 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	$ 1.7379	$ 1.7386
Withdrawal price	$ 1.7247	$ 1.7254
Distribution (31/12/2022)	$ 0.0329	$ 0.0347
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 -1.3% in February, 1.3% better than the ASX 300 Accumulation Index of -2.6%.

We continue to hold a portfolio of stocks which individually are high quality, all are profitable and most we consider structurally growing with less dependence on the economic cycle. The equity we own in this group of companies should grow in value over coming years and provide a reasonable dividend stream along the way. Less certain is market sentiment and how this value is reflected in stock prices in the short term. We hold stocks for an average of 4 years which reflects our belief in the power of compounding wealth through the patient ownership of quality assets that grow in value over time.

With February marking the 3 year anniversary of markets first being impacted by covid, it is interesting to look back at asset returns over this time. Most asset prices are higher, benefitting from significant monetary and fiscal stimulus e.g. large cap equities, commodities, residential property and even bitcoin, used cars, wine & watches. With this stimulus being withdrawn over the last 12 months, many assets have been falling in value. One asset class that is already below its pre-covid high is small industrial equities, in which the Growth Fund has a higher than market exposure. It appears reasonable to draw the conclusion that this asset has already deflated and there are attractive opportunities available. This is reflected in valuations with small industrial valuations at 20 year lows relative to large industrials.

In other market cycles when the upturn comes, small industrials have rebounded far more than large cap stocks and unwound this underperformance. We expect it will be similar this cycle, albeit the timing of this rebound is uncertain.

At the stock level there are many opportunities that highlight the value on offer. One of the largest holdings in the fund is EQT Holdings, a trustee business founded in 1888. It is a high quality, resilient business with a diverse, growing customer base that we expect to grow for decades to come. EQT's earnings per share is expected to be 50% higher in FY25 than in FY19 yet the stock price is currently 20% lower than 2019. At some point this value creation will be reflected in a significantly higher stock price and the fund will benefit. Good things come to those who wait…

Top Contributors (Absolute)	Sector
AUB Group	Financials
Kelsian	Industrials
Helloworld	Consumer Discretionary
Top Detractors (Absolute)	**Sector**
BHP Group	Materials
Commonwealth Bank	Financials
Omni Bridgeway	Financials

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

Contact details:
Andrew Russell - Director, Investor Relations
arussell@primevalue.com.au

Daniel Leong – Director, Investor Relations
daniel.leong@primevalue.com.au

Phone: 03 9098 8088
Email: info@primevalue.com.au

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