Prime Value Growth Fund
Fund Update – March 2023

- Market uncertainty quelled by swift regulator response to banking troubles
- The fund's return was -0.6% in March, -0.3% below the ASX 300 Accumulation Index of -0.2%, with the Resources sector particularly strong.
- It was interesting to see a return of corporate activity in the form of both M&A and capital raisings.

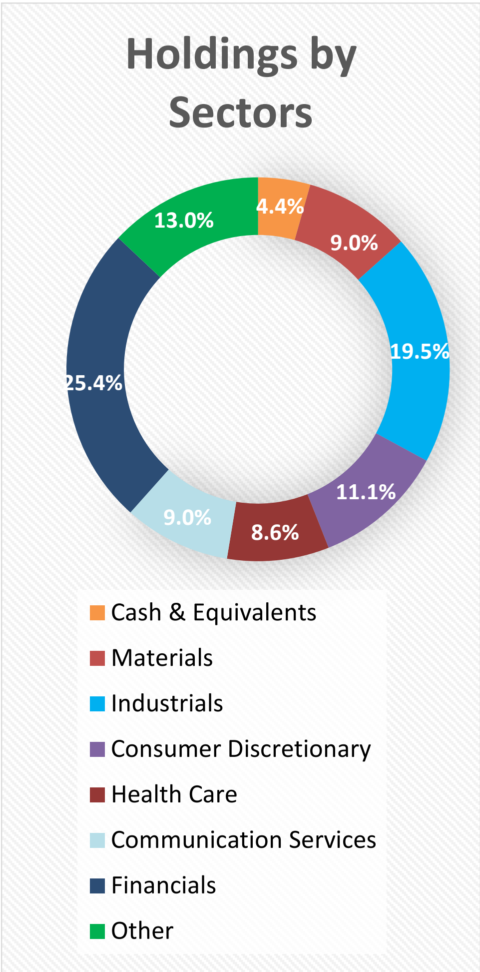
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.2%**	8.2%	2.0%
20 Years (p.a.)	**9.3%**	9.2%	0.1%
10 Years (p.a.)	**4.7%**	8.1%	-3.4%
5 Years (p.a.)	**5.1%**	8.6%	-3.5%
3 Years (p.a.)	**15.2%**	16.6%	-1.4%
1 Year	**-4.7%**	-0.6%	-4.1%
3 Months	**2.8%**	3.3%	-0.5%
1 Month	**-0.6%**	-0.2%	-0.3%

*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 performance is not necessarily an indicator of future performance.

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

The top five holdings make up approximately 30.2% 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



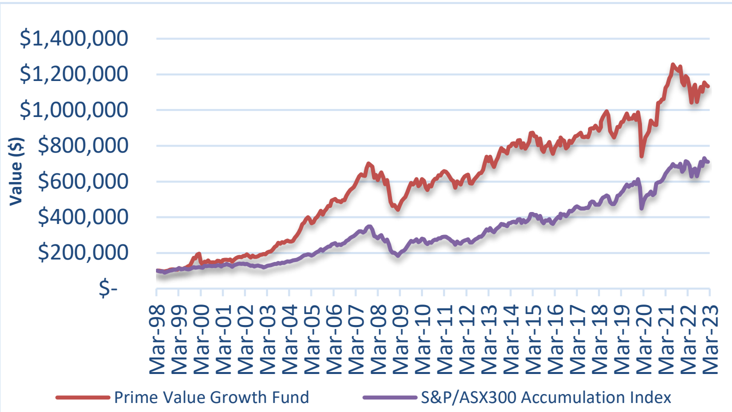
Market review

March was largely characterised by uncertainty caused by the US banking crisis, however, the strong response by regulators has seen volatility reduce and the focus shift back to the battle between Central Banks and inflation.

Equities recovered in March, with Developed Markets outperforming Emerging Markets. The MSCI Developed Markets Index rose (+2.6%) over March, and the S&P 500 Index also gained momentum (+3.7%) in local currency terms in a recovery-based month for markets.
The Australian 10-year bond yields moved in reaction to slowing inflation, rallying 56bps to 3.30%. US yields also rallied 42bps to 3.49%, amid banking volatility.

Commodity prices saw mixed trends. Brent Oil fell by US$4.12 to US$79.77/bbl, with recovery supported by production shut-ins in Kurdistan, and API data showing US crude inventory draws. Iron Ore prices remain unchanged at US$126/Mt on destocking in line with historical demand seasonality. Gold prices rose by US$155.10 to US$1,980, with banking volatility and hopes for easing Fed policy.

The ASX300 Accumulation Index rallied +3.2% off monthly lows, to close down 0.2% putting a stop to seven consecutive weekly declines and is up 3.3% year to date. Materials and Communication Services added the most value in March, whilst performance was lost through Financials, with banks a large contributor to that underperformance.
We observed a heightened level of market volatility in March, with no fewer than six ±1% daily price moves, mostly on the downside. As result, stock return skew was to the downside. Large > Small > Mid-Caps in March, whilst Resources were preferred over Industrials across the various size cohorts.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,134,300 (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 $710,600 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	$ 1.7280	$ 1.7290
Withdrawal price	$ 1.7150	$ 1.7160
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 returned -0.6% in March, -0.3% below the ASX 300 Accumulation Index of -0.2%.

The month was characterised by a strong Resources sector (+5.6%), with Resource companies representing 14 of the top 20 performing stocks for the month, driven by a +7.8% rise in the Gold price as a flight to safety response to the global banking crisis.

It was also interesting to see a resumption of corporate activity in the form of M&A and capital raisings, with bids made for Invocare (private equity bidder), Estia Health (private equity bidder), Healius (trade buyer), Origin Energy (private equity & trade buyer), United Malt (trade buyer) and Liontown Resources (trade buyer).

Key fund contributors in March were **United Malt** (UMG +33.1%), **BHP Group** (BHP +7.5%) and **Regis Healthcare** (REG +23.9%). Key detractors were **Kelsian** (KLS -9.6%), **Macquarie Group** (MQG -7.3%) and **AUB Group** (AUB -7.8%).

United Malt (UMG) received a non-binding and indicative proposal for $5.00ps in cash from French competitor, Malteries Soufflet. The United Malt Board has indicated that it would be supportive of a binding offer of at least this amount, should one eventuate.

Regis Healthcare (REG) benefited from the takeover bid from private equity for competitor, Estia Health, highlighting the value evident in the Aged Care space as changes to the regulatory environment help restore returns on capital in the sector.

Kelsian (KLS) fell following the announcement of a large US acquisition and associated equity raising. While a large offshore acquisition does add to the company's risk profile, the acquired business comes with experienced management and has an impressive organic growth profile over the past 10 years. As such, the fund participated in the equity raise.

Macquarie Group (MQG) shares were impacted by negative sentiment towards the global banking sector as Silicon Valley Bank, Silvergate Bank and Signature Bank all collapsed, while the Swiss government brokered a deal for UBS Group to acquire Credit Suisse.

While markets remain volatile, we are nearing the end of the interest rate hiking cycle, providing a clearer path forward for equity valuations, which broadly appear to be in line with long-term historic levels. We continue to see the earnings risk as skewed to the downside, however, and as a result remain relatively defensively positioned in companies we perceive to have a higher degree of earnings certainty. At the same time, the fund retains a healthy cash level to deploy into opportunities that may emerge.

Top Contributors (Absolute)	Sector
United Malt	Consumer Staples
BHP Group	Materials
Regis Healthcare	Health Care
Top Detractors (Absolute)	**Sector**
Kelsian	Industrials
Macquarie Group	Financials
AUB Group	Financials

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

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