Prime Value Growth Fund
Fund Update – November 2023

- Equity markets rallied globally on lower inflation expectations with growing optimism that central banks may have seen peak interest rates.
- The fund's return was +5.9% for the month of November, 0.8% better than the ASX 300 Accumulation Index return of +5.1%.
- We tend to be long-term investors, and highlight that over the past 5 years, 72% of the fund has been owned for >3 years. One such stock we feature is News Corporation.

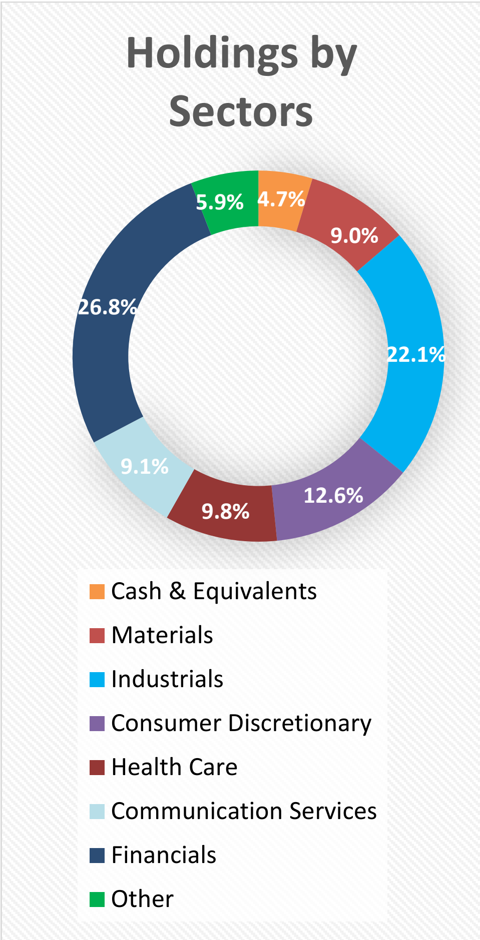
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.1%**	8.0%	2.1%
20 Years (p.a.)	**8.1%**	8.5%	-0.4%
10 Years (p.a.)	**4.4%**	7.2%	-2.8%
5 Years (p.a.)	**6.6%**	8.7%	-2.1%
3 Years (p.a.)	**5.6%**	7.0%	-1.4%
1 Year	**5.1%**	1.1%	4.0%
3 Months	**-1.9%**	-1.8%	-0.1%
1 Month	**5.9%**	5.1%	0.8%

*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
EQT Holdings	Financials
CSL Limited	Health Care
AUB Group Limited	Financials

The top five holdings make up approximately 30.9% 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



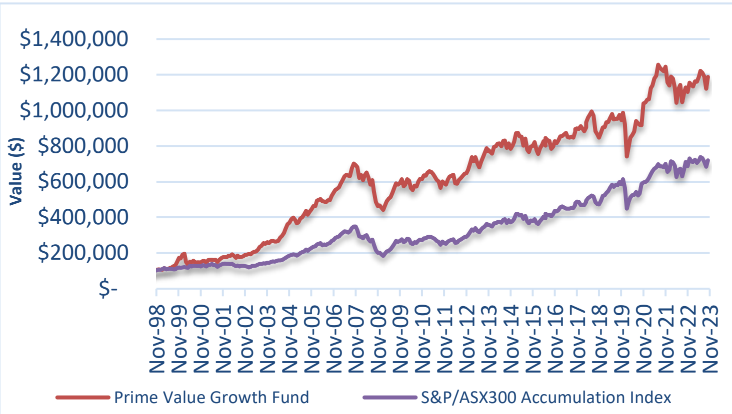
Market review

Global equity markets rallied in November, led by the U.S. (in local currency terms), with Australia participating well in the bounce. Lower inflation expectations with growing optimism that central banks may have seen peak interest rates. All three major U.S. stock indices ended November at least 8% higher, recovering from a three-month losing streak. The tech-heavy Nasdaq Composite Index led the way, ending the month up 10.7%. The S&P 500 Index gained 8.9% in November.

After peaking around 5% in mid-October, the US 10-year bond yield declined 54 bps in November. The rapid decline appears to be driven by softer economic data, renewed signs of slowing inflation, and some signs the US Federal Reserve may not just be on pause, but may cut interest rates in 2024. Australia's bond yields fell 52bps in November, similar to the drop in the US as the hawkish shift in rate expectations over recent months was partly reversed. Unlike developed world peers that are on hold, the RBA raised interest rates again in November.

Commodity prices were mixed in November. The iron ore price rose 7.2% in November to US$132.05/t, driven by rumours of property stimulus in China and a restocking of iron ore. In contrast to other base metals, copper rose 4.5% to US$3.80/lb amid protests in Panama. The decrease in yields and a lower US Dollar saw gold rise 2.6% to US$2,036/oz; the first-time gold has ended a month above US$2,000/oz.

The ASX300 Accumulation Index gained 5.1% in November. The breadth of sector and stock outperformance was broad-based, with sectors that had lagged in 2023 posting the largest uplift in returns. Health Care and Real Estate were the best-performing sectors for the month, up +11.7% and 10.8%, respectively; on the other hand, further oil price retracement saw the Energy sector underperform. Materials added the most value to the ASX300 Index, adding +147bps, followed by Real Estate (+118bps), Health Care (+114bps) and Discretionary (+105bps). Small Caps also rebounded strongly in November, up +7.0%, outperforming Large and- Mid Caps stocks.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,187,500 (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 $719,200 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	$ 1.7731	$ 1.7750
Withdrawal price	$ 1.7597	$ 1.7616
Distribution (30/06/2023)	$ 0.0359	$ 0.0374
Indirect Cost Ratio (ICR)*	1.435% p.a.	1.23% p.a.
Performance fee**	20.5%	20.5%

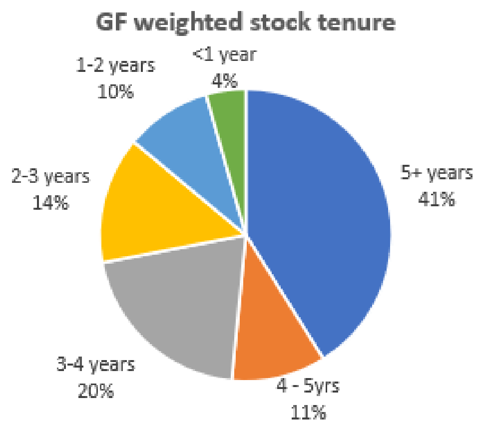
* Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC
** Of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance and a high water mark

Fund review and strategy

The fund returned +5.9% in November, 0.8% better than the ASX 300 Accumulation Index return of +5.1%. Within this index, Industrials (+6.4%) fared better than Resources (+1.8%).

Key fund contributors over the month were **Commonwealth Bank** (CBA +8.4%), **CSL** (CSL +12.9%) and **Regis Healthcare** (REG +12.0%). Key detractors were **SG Fleet** (SGF -9.9%), **Alliance Aviation** (AQZ -3.7%) and **Qualitas** (QAL -6.5%).

We typically aim to be long-term shareholders of the companies we invest in. The below pie chart shows the fund's individual stock ownership tenure by portfolio weight over the past 5 years, highlighting that 72% of the fund by weight has been owned for at least 3 years.



One such company is **News Corporation** (NWS) which the fund has owned for >4 years. The business has changed markedly over time, with the traditional 'old media' assets now making up <10% of profit, and the primary profit generators being two extremely high quality businesses – Realestate.com.au (REA) in which NWS owns 61%, and Dow Jones.

Despite having been a good performer over the past year (total return 27%), we continue to see strong valuation upside, with NWS trading at a ~30% discount to its blended peer group. However, while REA accounts for ~26% of NWS' EBITDA, it represents ~66% of its Market Capitalisation. As such, if we exclude REA, the rest of the group (ie ~74% of EBITDA) is trading at a ~60% discount to its blended peers.

We expect this extreme discount to progressively narrow over time, with management stepping up its efforts in recent years to improve its corporate governance and crystallise value (eg entering discussions to potentially sell the Move business and structurally preparing Foxtel for a potential IPO).

Top Contributors (Absolute)	Sector
Commonwealth Bank	Financials
CSL	Health Care
Regis Healthcare	Health Care
Top Detractors (Absolute)	**Sector**
SG Fleet	Industrials
Alliance Aviation	Industrials
Qualitas	Real Estate

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

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