Prime Value Growth Fund
Fund Update – January 2024

- Equity markets rose in January, buoyed by strong US economic data.
- The fund's return was +1.8% for the month of January, 0.7% better than the ASX 300 Accumulation Index return of +1.1%.
- With reporting season upon us, we suspect recent softness in the economy could make the forward-looking commentary more important than the actual results to 31 December. Over the next six weeks, we expect to participate in c250 meetings with management teams.

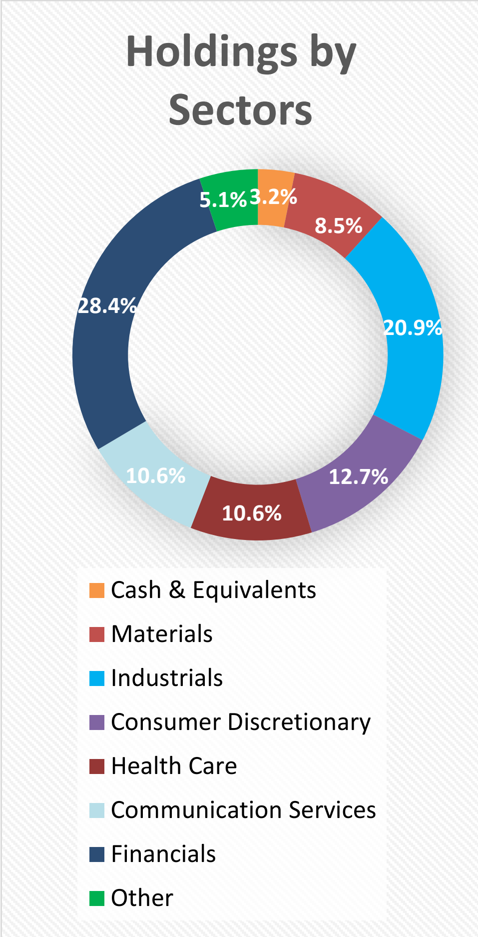
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.4%**	8.3%	2.1%
20 Years (p.a.)	**8.4%**	8.8%	-0.4%
10 Years (p.a.)	**5.4%**	8.4%	-3.0%
5 Years (p.a.)	**7.9%**	9.7%	-1.8%
3 Years (p.a.)	**7.0%**	9.3%	-2.3%
1 Year	**10.5%**	6.7%	3.8%
3 Months	**13.9%**	13.9%	0%
1 Month	**1.8%**	1.1%	0.7%

*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	Financials

The top five holdings make up approximately 31.3% 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

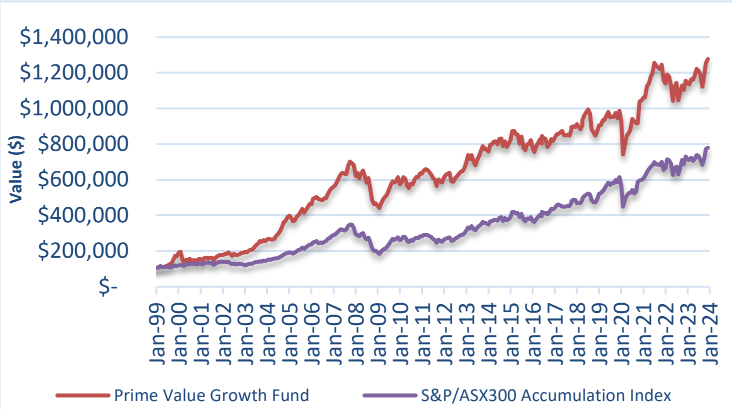


Market review

US stocks trended upwards in January, with all three key equity indices closing the month higher. The S&P500 Index increased +1.6%, the Dow Jones Index rose +1.2% and the NASDAQ gained +1.0%. European stocks started the year mixed. The Stoxx600 Index increased +1.4%, the DAX Index increased +0.9% and the FTSE100 Index fell -1.3%. Asian equities generally traded lower. The MSCI Asia Pacific index decreased -1.7%, the TWSE Index declined -0.2% and the CSI300 Index fell a large -6.3%. The Nikkei Index was the standout, increasing +8.4% over January.

Commodity prices were mixed. Brent Oil rose US$4.67 to US$81.71/bbl, as prices continued to be buoyed by conflict in the Middle East, while Iron Ore prices fell US$9.50 to US$133.00/Mt. Gold also slipped over the month, falling US$25.15 to US$2,053, reflecting the strong economic data out of the US. The Australian dollar fell -3.6%, reversing the gains from late December. An upside beat to core US CPI data, some hawkish commentary out of the US Federal Reserve and weak Chinese data put selling pressure on the Australian Dollar in mid-month.

Australian shares rose modestly in January, with the ASX300 Accumulation Index up +1.1%. The gains were driven by non-Resource stocks (+3% last month), which have rallied 17% in the last 3 months as investors became more hopeful the US Federal Reserve can lower interest rates without triggering a US recession. A late recovery in the market over the last week of January was led by the Real Estate, Health Care, Energy and Financials sectors, with the latter two sectors the top performers for the month. Metals & Mining (-5.7%) was the worst performing sector. Weak Chinese sentiment was a key driver, and we note MSCI China Index fell nearly 12% in January. Large caps performed better over small and mid-caps in January.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,277,000 (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 $779,600 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	$ 1.8707	$ 1.8712
Withdrawal price	$ 1.8565	$ 1.8570
Distribution (31/12/2023)	$ 0.0354	$ 0.0375
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 +1.8% in January, 0.7% better than the ASX 300 Accumulation Index return of +1.1%.

The month saw Resources (-3.7%) underperform Industrials (+2.9%) with commodity prices generally soft, and the collapse of Chinese property company, Evergrande, which raised questions over the extent to which China will look to stimulate its economy.

Key fund contributors were **AUB Group** (AUB +10.5%), **EQT Holdings** (EQT +8.0%) and **Commonwealth Bank** (CBA +5.1%). Key detractors were **BHP Group** (BHP -6.2%), **Lindsay Australia** (LAU -6.4%) and **NRW Holdings** (NWH -8.4%).

AUB Group (AUB) shares continued to be buoyed by the strong premium rate environment as the Queensland floods continued the trend seen in recent years of these more frequent catastrophic events. The company remains one of the fund's largest holdings, with its 23% share price rise in 2023 largely matched by its earnings growth and, as such, we continue to view the stock as attractively priced with a solid medium-term growth outlook driven by a combination of resilient top-line revenue growth and further margin expansion.

EQT Holdings (EQT) rose on no new news, albeit we note that the stock traded relatively flat in 2023 (+2%) despite its strong medium-term earnings growth outlook. This is under-pinned by the full earnings impact of the AET acquisition, in addition to further synergies being extracted as the company manages an increasing amount of AET's Funds Under Supervision inhouse. Additionally, the closure of the company's UK/European business will further enhance earnings. Trading on a FY25 P/E of just 16x, we view the stock as materially undervalued, and it also features as one of the fund's largest holdings.

With the February Reporting Season upon us, we are preparing for one of our two Grand Finals of the year. While the economy has proven more resilient than most investors would have imagined from the beginning of 2023, recent weeks has shown some signs that the economy is starting to slow. The consumer, in particular, appears to have come off the boil, potentially reflecting the lagged impact of >400bps of interest rate increases over the last two years, and the unwind of the significant excess savings accumulated through the Covid period.

As such, the profit results for the six months to December could attract less focus than the forward-looking commentary provided by companies. Over the next 6 weeks, we expect to participate in around 250 meetings with management teams which will no doubt provide valuable insights for us to navigate the year ahead.

Top Contributors (Absolute)	Sector
AUB Group	Financials
EQT Holdings	Financials
Commonwealth Bank	Financials
Top Detractors (Absolute)	**Sector**
BHP Group	Materials
Lindsay Australia	Industrials
NRW Holdings	Industrials

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

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