Prime Value Growth Fund
Fund Update – April 2024

- Equity markets fell in April, the first negative month since October 2023, driven by higher than expected inflation and rising bond yields.
- The fund's return was -3.5% for the month of April, 0.6% below the ASX 300 Accumulation Index return of -2.9%.
- Our investment process focuses on businesses that are easy to understand with an earnings outlook that can be forecast with confidence. This leads us to more economically resilient companies with structural growth drivers that can deliver consistent and long duration growth.

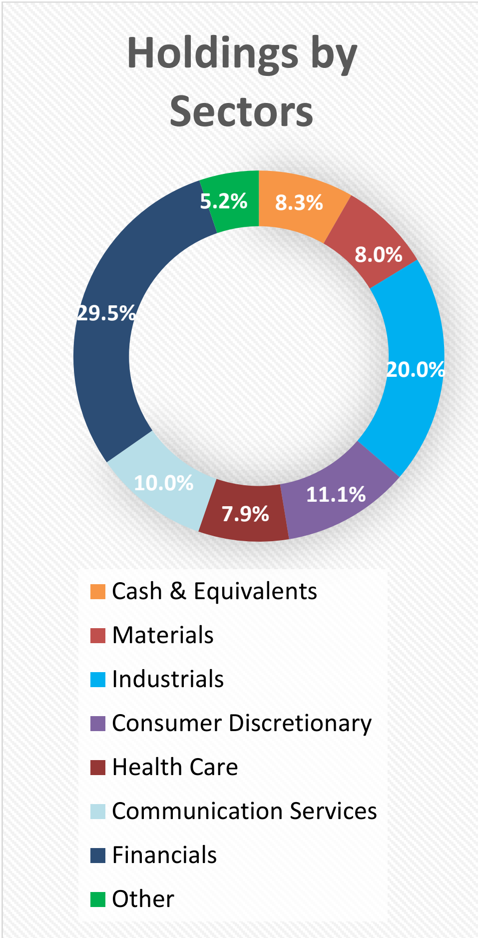
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.2%**	8.2%	2.0%
20 Years (p.a.)	**8.2%**	8.6%	-0.4%
10 Years (p.a.)	**4.6%**	7.8%	-3.2%
5 Years (p.a.)	**6.4%**	8.0%	-1.6%
3 Years (p.a.)	**4.1%**	7.1%	-3.0%
1 Year	**9.1%**	9.0%	0.1%
3 Months	**-0.6%**	1.2%	-1.8%
1 Month	**-3.5%**	-2.9%	-0.6%

*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
Commonwealth Bank	Financials
BHP Group	Materials
EQT Holdings	Financials
CSL Limited	Health Care
AUB Group Limited	Financials

The top five holdings make up approximately 30.6% 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

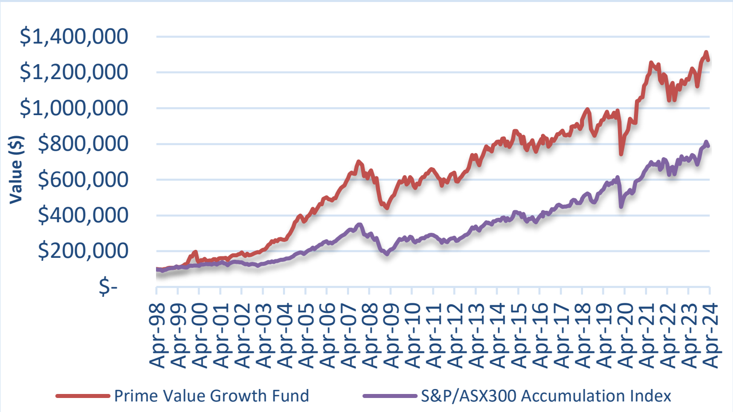


Market review

This year's strong equity markets paused in April as inflation indicators surprised to the upside whilst geopolitical friction persisted. Interest rate sensitive stocks struggled on the realisation that central banks may not cut interest rates as soon as previously thought. The MSCI Developed Markets Index fell (-3.2%), along with the S&P500 Index (-4.1%) in local currency terms. Emerging market equities performed better with the MSCI EM Index +1.4% due to a strong China (MSCI China Index +6.5%).

The Australian 10-year government bond yield increased 46 bps in April to 4.42%. US yields also increased, up 48 bps to 4.68%, its highest level since October 2023. Geopolitics supported commodity prices, with Brent Oil +US$0.92 to US$88.40/bbl, whilst Iron Ore increased US$16.00 to US$118.00/Mt. April saw Gold prices hit another record high, increasing US$119.20 to US$2,333.55 per ounce.

Most sectors on the ASX were down April, with the exception of Utilities and Materials which were both positive. The ASX300 Accumulation Index return was -2.9% ending five months of gains. Interest rate-sensitive sectors fared the worst, most notably Real Estate (-7.7%) and Consumer Discretionary (-5.1). Energy was down (-4.7%) whilst Metals & Mining was up (+1.8%). Despite this the Resources sector still outperformed Industrial companies across the various size cohorts most notably in Mid-Caps where the spread was widest (+10%). Contribution from large-cap miners was mixed, with Rio Tinto and South 32 adding 25bps on aggregate, somewhat offsetting BHP losses (-28bps). There were broad-based declines across size biased indices in April, with mid-caps outperforming on a relative basis.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,268,700 (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 $789,200 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	$ 1.8585	$ 1.8599
Withdrawal price	$ 1.8445	$ 1.8459
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 -3.5% in April, 0.6% below the ASX 300 Accumulation Index (-2.9%).

We live in a complex world so we try to keep our investment process relatively simple. Businesses that are easy to understand with an earnings outlook that can be forecast with confidence. This leads us to more economically resilient companies with structural growth drivers and management we can trust.

Businesses that are highly exposed to the economic cycle are not our focus (unless very under-valued). The difficulty of trying to pick the cycle has been highlighted in 2024. In early 2024 there was confidence of rate cuts later this year causing many to buy consumer discretionary stocks (nb retail) in anticipation of an upturn. That positive sentiment reversed in April due to a high inflation numbers that delayed rate cut expectations and some weak company trading updates. Premier Investment's (a high quality retailer) share price was +15% in Feb/March but -15% in April/May to date. In recent days, former market darling Baby Bunting provided a weak trading update and the stock is -35% over April/May. Picking the cycle in anticipation of an upturn is challenging.

Examples of more economically resilient companies include Propel Funerals, a leading Australia and New Zealand funeral operator that has almost certain long term volume growth as the growing and ageing population causes a rising death rate. As is often said, the only certainty in life is death and taxes. Another is EQT Holdings, a trustee business founded in 1888 that has revenue streams with decades of visibility and in some cases perpetual and growing (perpetual charitable trusts).

These long duration, consistent and growing earnings streams are highly valuable. In our view, the small cap market places an over-emphasis on short term earnings growth and an under-emphasis on the duration and consistency of earnings. Large cap stocks with modest growth profiles but long duration & consistency can trade on very high valuation multiples. For example Australia's largest toll-road (Transurban) trades on a valuation multiple roughly twice the market average (1 yr forward 21x EV/EBITDA) with a 3 year growth profile of c. 6% p.a. To be clear, we value growth. However duration and consistency plays a critical role in the compounding equation.

For example if you have 2 businesses that are otherwise identical; company A grows its earnings at 10% p.a. consistently while company B grows +30% in year 1 and -10% in year 2 (simple average 10% p.a.) and continues this sequence of +30%/-10%. After 10 years the earnings of company A will be 18% higher than company B and experience far less volatility. Clearly company A should trade at a higher multiple of current earnings than company B. The tortoise outperforms the hare.

This analogy is also relevant when choosing a fund. Low downside capture is very valuable.

Top Contributors (Absolute)	Sector
SG Fleet	Industrials
EQT Holdings	Financials
Austal	Industrials
Top Detractors (Absolute)	**Sector**
Commonwealth Bank	Financials
Lindsay	Industrials
Macquarie Group	Financials

Platforms

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