Prime Value Growth Fund
Fund Update – May 2024

- Global equity markets rebounded from losses in the previous month, led by the technology heavy NASDAQ Index.
- The fund's return was +1.1% for the month of May, outperforming the ASX 300 Accumulation Index return of +0.8%.
- While the month saw several profit downgrades as the economy continues to slow, history tells us that equity markets move in advance of an economic bottoming. This potentially explains why the ASX 300 Index is +3.2% calendar year to-date.

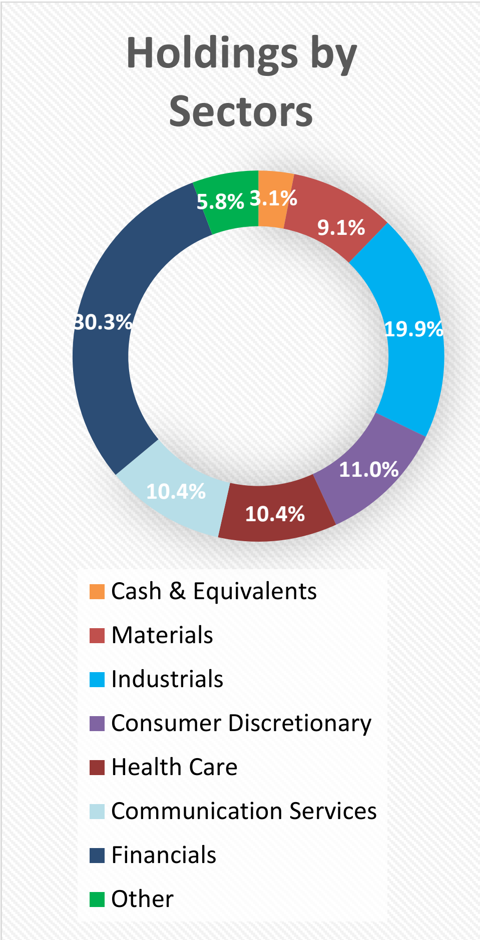
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.2%**	8.2%	2.0%
20 Years (p.a.)	**8.2%**	8.5%	-0.3%
10 Years (p.a.)	**4.7%**	7.8%	-3.1%
5 Years (p.a.)	**6.5%**	7.8%	-1.3%
3 Years (p.a.)	**4.0%**	6.5%	-2.5%
1 Year	**10.6%**	12.8%	-2.2%
3 Months	**-0.2%**	1.1%	-1.3%
1 Month	**1.1%**	0.9%	0.2%

*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
Macquarie Group	Financials

The top five holdings make up approximately 34.0% 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

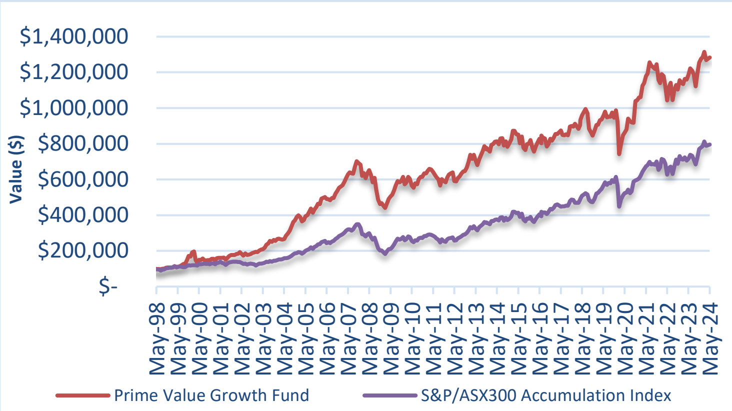


Market review

May saw equities move higher on the back of expectations surrounding the possibilities that AI technologies can bring. The MSCI World Index gained 3.8%, thanks to a strong rebound in US equity markets, where the S&P500 Index and Nasdaq Index climbed 4.8% and 6.9%, respectively. Yet again, the 'Magnificent 7' stocks (+9.1%) underpinned the rally, while the Equal-weighted S&P500 Index added 2.6%. The MSCI Developed Markets Index rose (+4.1%) in US Dollar terms whilst the MSCI Emerging Markets Index rose +1.4% in US Dollar terms.

The Australian 10-year government bond yield fell 1 basis point over the month to 4.41%. US 10-year bond yields also declined, falling 19 basis points to 4.49%. Easing geopolitical fears saw Brent Oil -7.1% to US$81.62/bbl, whilst Iron Ore prices decreased marginally by US$1.00 to US$117.00/Mt. Over the month, Gold prices rose by US$41.25 to US$2,348.25 per ounce. Positive sentiment towards gold seems to be grounded on a few factors including the expectation that interest rate easing is more likely to be the US Federal Reserve's next move despite uncertainty on the timing and the extent of rate cuts.

Australian equities rose in May, with the ASX300 Accumulation Index up +0.9%. Technology was the best performing sector, remaining resolute, as other sectors declined into month-end with the broader market. While six sectors outperformed the broader index, contribution to broader returns was significantly narrower with Financials (+79bps) through the Banks (+78bps) accounting for the majority of market returns. The REIT sector also added value, whilst the Communication Services sector was a detractor to index performance (-9bps). Despite the ASX300 closing +0.9% higher in May, the market reaction to a higher-than-expected CPI print drove the headline market index lower into month-end in reaction to bond yields moving up.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,283,200 (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 $795,900 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	$ 1.8797	$ 1.8814
Withdrawal price	$ 1.8655	$ 1.8672
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

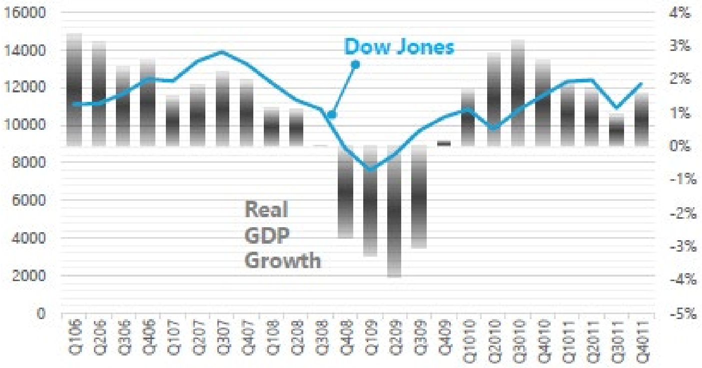
Fund review and strategy

The fund returned +1.1% in May, which outperformed the ASX 300 Accumulation Index return of +0.8%.

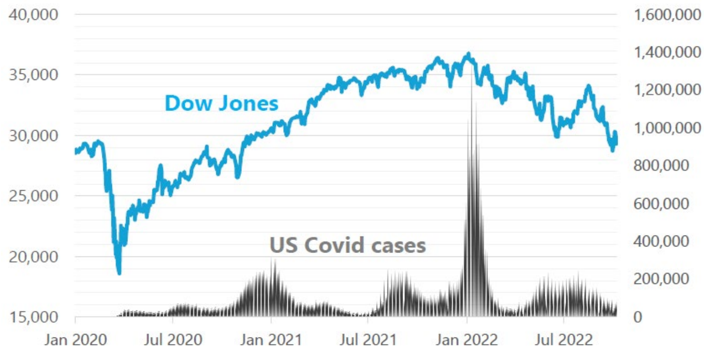
Notably, the month saw several profit downgrades as the slowing economy bites into corporate profits, with Bapcor (BAP), AP Eagers (APE) and Fletcher Building (FBU) providing weak trading updates.

As we have mentioned previously, equity markets are forward looking, and so while we don't profess to be able to pick the bottom of the earnings cycle, history has taught us that equity markets move in advance of this, potentially explaining why the ASX 300 Index is +3.2% this calendar year to-date, while corporate profits continue to deteriorate.

To illustrate, the chart below shows the performance of the Dow Jones Index (DJI) through the Global Financial Crisis. What is notable is that the DJI peaked in 3Q07 and, by the time GDP growth turned negative in 4Q08, it had already declined >35%. Similarly, the DJI troughed in 1Q09 and by the time GDP growth turned positive in 4Q09, it had already risen >35%.



Similarly, as per the chart below, the DJI fell >35% before even 1k Covid cases were detected in the USA, and had virtually recovered all its losses before the first serious wave of Covid spread through.



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