

Prime Value Growth Fund

Fund Update – June 2024



- Global equity markets were generally positive in June finishing a strong financial year for equities globally and in Australia.
- The Fund's return was +2.6% for the month of June, outperforming the ASX 300 Accumulation Index return of +0.9%. For the financial year to June, the fund delivered a solid return of +10.8%, slightly below the ASX300 Accumulation index of 11.9%.
- A final distribution of 7.4c/unit (class A) was paid, bringing the yield to 6.2% for the year.

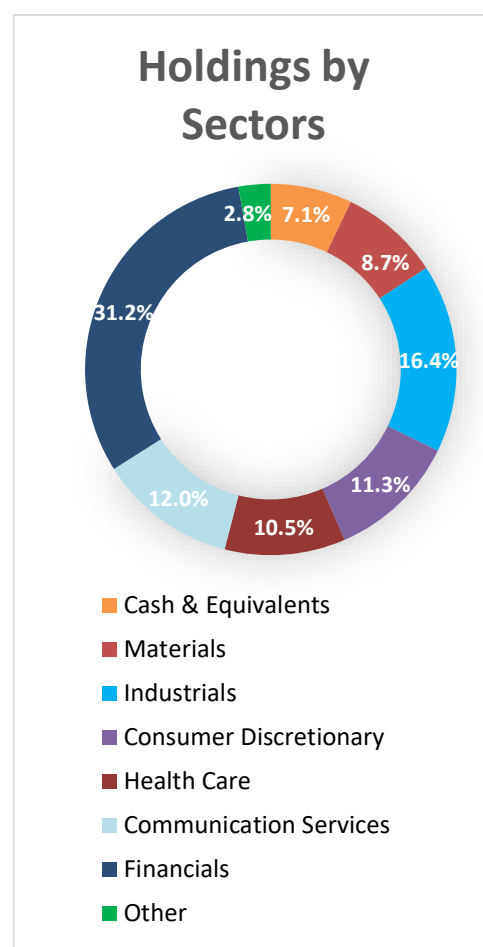
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	10.3%	8.3%	2.0%
20 Years (p.a.)	8.3%	8.4%	-0.1%
10 Years (p.a.)	5.1%	8.0%	-2.9%
5 Years (p.a.)	6.6%	7.2%	-0.6%
3 Years (p.a.)	3.7%	6.1%	-2.4%
1 Year	10.8%	11.9%	-1.1%
3 Months	0.1%	-1.2%	1.3%
1 Month	2.6%	0.9%	1.7%

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

The top five holdings make up approximately 34.4% 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

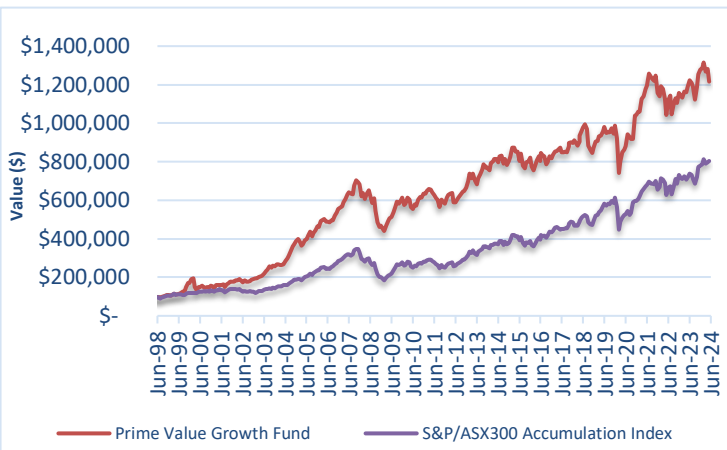


Market review

The upward momentum in equity markets continued in June, which was also marked the end of the financial year. The MSCI Developed Markets Index rose +2.4% in June, while the S&P500 Index also increased in local currency terms (+3.6%) in a stronger month for equities. Emerging Markets outperformed Developed Markets, with the MSCI Emerging Markets Index rising +4.3% in the month. Over the course of FY24, Developed Market equities, led by US equities, outperformed its Emerging Market peers, up 19.5% and 12.7% respectively in local currency terms.

The Australian 10-year government bond yield fell 10 basis points over the month to 4.31%, as US yields also decreased, stepping down 12 basis points to 4.37%. Against the US Dollar, the Swiss Franc (+0.39%) and Australian Dollar (+0.26%) were the best performing currencies. Commodity prices were mixed in June. Brent Oil rose by US\$4.79 to US\$86.41/bbl, whilst Iron Ore prices fell by US\$10.50 to US\$106.50/Mt.

The ASX300 Accumulation Index closed FY24 up 11.9% (June +0.9%). The skew in performance across size cohorts was stark – the top 20 stocks gained +14.9%, Mid Caps +6.6% and Small Caps +9.3%. Macro volatility around rate and policy paths appeared to work against stock picking through the year. Financials (+5.1%) were the best sector in June, with Insurance, Banks and Financial Services all posting returns over 5%. Financials were also the best performer in FY24, with a gain of +17% but there was great dispersion in returns, with Banks (+22.8%) the clear sector winner. Metals & Mining (-7.2%) was the worst sector in June, as concerns about China's growth led to declines across most Industrial Metals. However, it was the defensive Telecom (-10.4%) and Staples Retail sectors (-9.3%) that were the worst performers over the last year with both negatively impacted by earnings downgrades and a valuation de-rating.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$1,216,600 (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 \$803,200 over the same period. The returns exclude the benefits of imputation credits.

Performance figures have been calculated in accordance with the 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 (Ex)	\$ 1.8542	\$ 1.8534
Withdrawal price (Ex)	\$ 1.8401	\$ 1.8394
Distribution (30/06/2024)	\$ 0.0741	\$ 0.0770
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 +2.6% in June, outperforming the ASX 300 Accumulation Index return of +0.9%.

It was a solid financial year for the Fund returning +10.8%. However, we were disappointed to moderately underperform the ASX300 Accumulation index (+11.9%). This was due to the December quarter when markets were very strong (+8.4% in 3 months) which is a more challenging environment for our quality style of investing. Some investments also performed below our expectation. However, performance has improved with the Fund outperforming in the 6 months to June 2024. As we enter the new financial year, performance momentum is positive.

We actively increased portfolio turnover in the Fund from early 2024. Fresh new ideas have already had a positive impact to performance (see Capitol Health below). Some stocks have also been sold where they haven't delivered to expectations or where strong historical returns limit the potential upside of future returns. These changes give us confidence for the year ahead.

The portfolio has a good mix of investments with a bias to companies that are high quality, cyclically resilient with strong structural growth drivers (e.g. CSL) along with others that are high growth with the potential for very strong returns (e.g. Superloop).

An example of a recent addition to the portfolio is Capitol Health. It is a diagnostic imaging business with 65 clinics across the southern states of Australia. The industry experienced softer than expected volumes from late 2021 as GP attendances declined due to the prevalence of telehealth, reduced bulk billing and a shortage of GPs. This resulted in fewer referrals to diagnostic imaging clinics which impacted Capitol Health's revenue. As a largely fixed cost business in a rising cost environment, this weaker revenue growth resulted in margins falling and profits below expectation. However volumes were due reversion towards long term trend given Capitol Health provides critical healthcare (x-ray, MRI, etc.) in a market with ageing demographics and strong population growth. From late 2023 industry volumes improved and there was evidence of Capitol Health's revenue and margins also rising. Despite the improved outlook, the stock was relatively volatile and its valuation multiple was below long term average. After further due diligence, this provided the opportunity to buy the stock. Industry confidence was also returning and last month Capitol received a takeover offer from its listed peer Integral Diagnostics at a 33% premium to the prevailing stock price.

Top Contributors (Absolute)	Sector
Commonwealth Bank of Australia	Financials
Capitol Health	Healthcare
SG Fleet	Industrials
Top Detractors (Absolute)	Sector
BHP	Resources
ARN Media	Communication Services
Hansen	Information Technology
Platforms	
Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, IOOF, Global One, Macquarie Wrap, Netwealth, Powerwrap, Symetry, Wealthtrac	

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