Prime Value Growth Fund
Fund Update – July 2024

- Global equity markets were broadly positive in July, although the US market was volatile on account of US election risks.
- The fund's return was +3.4% for the month of July, below the ASX 300 Accumulation Index return of +4.1%.
- The likelihood that the next interest rate move will see the commencement of a cutting cycle typically bodes well for equities. While markets are volatile, our focus remains on bottom-up stock picking and company fundamentals, which ultimately drive share prices.

	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**10.4%**	8.4%	2.0%
20 Years (p.a.)	**8.1%**	8.7%	-0.6%
10 Years (p.a.)	**5.1%**	8.0%	-2.9%
5 Years (p.a.)	**6.8%**	7.5%	-0.7%
3 Years (p.a.)	**4.5%**	7.1%	-2.6%
1 Year	**11.4%**	13.3%	-1.9%
3 Months	**7.3%**	6.0%	1.3%
1 Month	**3.4%**	4.1%	-0.7%

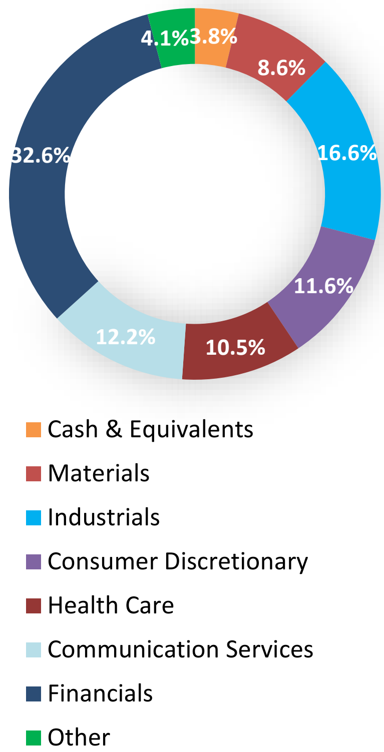
*Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (**FSC**) standards. The returns are calculated before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

Top five holdings	Sector
Commonwealth Bank	Financials
BHP Group	Materials
EQT Holdings	Financials
CSL Limited	Health Care
Macquarie Group	Financials

The top five holdings make up approximately 35.2% 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

Holdings by Sectors

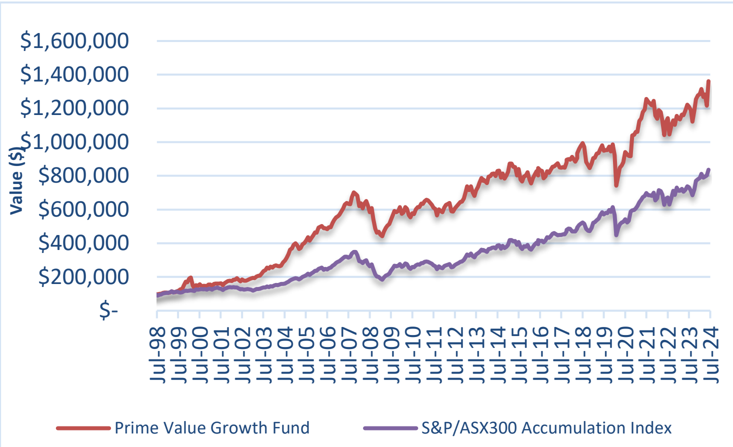


Market review

July saw equity market gains continue, with the US S&P500 Index increasing by (+1.2%) in local currency terms. However, underneath the headlines, US equities were volatile. Mega-cap technology stocks underperformed, while financials and small caps outperformed. Investors were sensitive to US election risks, with the rising chances of a Trump election victory causing them to position for de-regulation, and China-protectionist measures, as well as potential anti-monopoly policies. The MSCI World Developed markets index rose (+1.8%) in US Dollar terms, outperforming relative to the Emerging markets Index, which fell by (-0.9%) in US Dollar terms.

During the month the Australian 10-year bond yield declined by 19bps, whilst the Australian Dollar depreciated by 2.2% against the US Dollar. Towards the end of the month, a materially weaker underlying inflation print at 0.8% quarter-on-quarter significantly reduced the risk of an RBA rate hike in August. Commodity prices were mixed in July. Brent Oil fell by US$5.69 to US$80.72/bbl, whilst Iron Ore prices fell by US$4.50 to US$102.00/Mt. By contrast, Gold prices rose by US$95.40 over the month to US$2,426.30 per ounce after softer than expected US inflation data was released.

The market reaction to the June quarter inflation data was strong, trading sharply higher into month-end and breaching 8000 for the third time to set a new high at 8092. All sectors reacted positively post the inflation data however Financials, Consumer Discretionary and Real Estate sectors set the pace for the month. Utilities, Energy and Materials fell behind. Performance contribution for the month was quite narrow, with around three-quarters of the gains coming from Financials (+197bps), Discretionary (+65bps) and Health Care (+43bps) whilst losses were limited. Following strong July gains, the ASX300 Index has now climbed +18.6% from October 2023 lows, with Banks accounting for 40% (or +862bps) to broader market returns.



This graph shows how $100,000 invested at the Fund's inception has increased to $1,361,700 (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 $836,400 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 (Cum)	$ 1.9177	$ 1.9171
Withdrawal price (Cum)	$ 1.9031	$ 1.9025
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 +3.4% in July, which was below both the S&P/ASX 300 Accumulation Index (+4.1%).

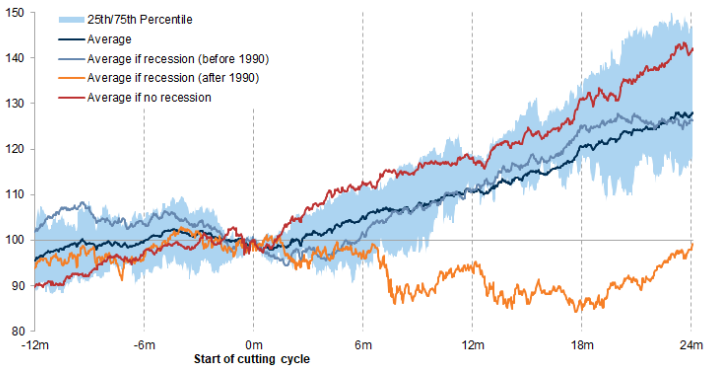
July saw strength in retail companies which represented 6 of the Top 20 index performers. This followed trading updates from several retailers, highlighting a return to positive same store sales growth. This positive commentary will likely continue through reporting season, with most retailers cycling a very weak period in July 2023. As such, this positivity is in the context of relative strength rather than absolute strength.

Key fund contributors for the month were **CBA** (CBA +7.9%), **EQT Holdings** (EQT +10.9%) and **CSL** (CSL +4.9%). Key detractors were **SG Fleet** (-3.9%), **Regis Healthcare** (REG -3.9%) and **Capitol Health** (CAJ -4.8%).

Much of the narrative in recent months has been whether or not the RBA will look to increase interest rates in the short term, before we enter an interest rate cutting cycle. However, the June quarter inflation print has seemingly snuffed out the potential for a rate hike, with the focus now on when interest rates will start to fall.

This is typically quite positive for equities. The below chart highlights the performance of the S&P 500 index at the beginning of interest rate cutting cycles since 1955 is strong, if not associated with a recession.

S&P 500 total return performance indexed to the start of interest rate cutting cycles since 1955



Source: Goldman Sachs.

That said, we note that markets are currently in flux, with recent volatility associated with the confluence of soft US economic data and an unwind of the Japanese carry trade. As always, our focus remains primarily on bottom-up stock picking and company fundamentals – as long as we get these right, fund performance will take care of itself.

Top Contributors (Absolute)	Sector
Commonwealth Bank	Financials
EQT Holdings	Financials
CSL	Health Care
Top Detractors (Absolute)	**Sector**
SG Fleet	Industrials
Regis Healthcare	Health Care
Capitol Health	Health Care

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

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