Prime Value
Equity Income (Imputation) Fund
Fund Update – January 2020

- First stage progress in US-China trade negotiations boosted share markets, before selling off on concerns on the coronavirus outbreak
- The Australian share market reached new highs in January, breaching 7000 points during the month
- Fund returned 2.7% for the month of February

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	**10.5%**	5.3%	5.1%	**12.5%**	8.7%
10 Years (p.a.)	**6.4%**	2.1%	4.3%	**8.6%**	9.0%
5 Years (p.a.)	**5.9%**	1.6%	4.3%	**7.9%**	9.4%
3 Years (p.a.)	**6.9%**	2.2%	4.7%	**9.1%**	12.4%
1 Year	**14.0%**	14.0%	5.5%	**16.1%**	25.0%
3 Months	**2.3%**	2.3%	0.8%	**2.6%**	6.0%
1 Month	**2.7%**	2.7%	0%	**2.7%**	4.9%

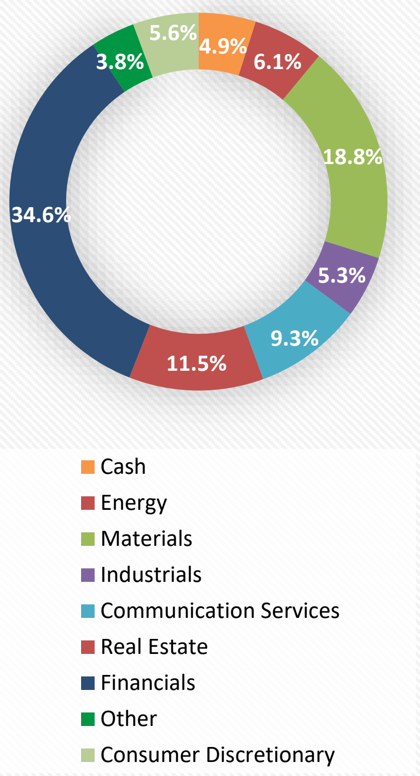
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts.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

Top five holdings	Sector
Commonwealth Bank	Financials
BHP	Materials
Macquarie Group	Financials
Goodman Group	Real Estate
National Australia Bank	Financials

The top five holdings make up approximately 32.7% of the portfolio.

Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	20 December 2001
Cash	0 - 30%
Distributions	Quarterly
Recommended investment period	3 + years

Holdings by Sector



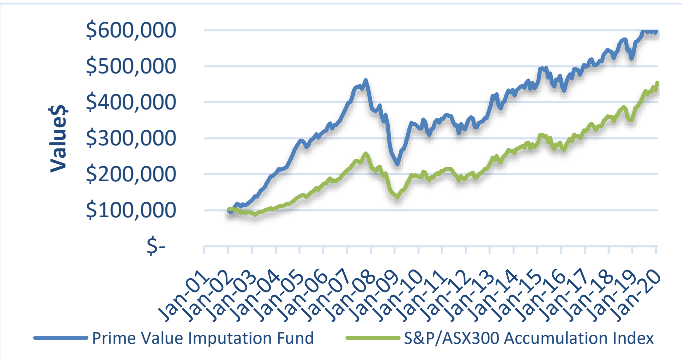
Market review

Share markets initially rallied hard through most of January following on from positive US-China trade progress, before selling off sharply on coronavirus fears. Emerging markets underperformed Developed markets sharply. Among global Developed Market sectors, Utilities, IT and REITs outperformed, while Energy, Materials and Financials underperformed the most. The Australian Dollar was the weakest performing G10 currency, falling 3.4c on the month to US $0.669 against the US Dollar. Global bond yields fell sharply on coronavirus contagion fears, with Australian 10 year bond yields declining 42 basis points to 0.95%.

Bulk commodity prices were mixed in January. Iron ore fell US$7.06/t to US$84.94/t, but both thermal and metallurgical coal prices rose. Brent crude declined US$7.84/bbl to US$58.16/bbl, the lowest in over a year. Gold prices rose US$69.45/oz to US$1,584.20/oz, near the highest since 2013.

President Donald Trump and China's Vice Premier Liu He signed the US-China Phase One trade deal on January 16. The deal included increasing China's imports of US goods and services by more than US$200bn over two years, a suspension of tariffs on US$160bn in Chinese goods and a halving to 7.5% of tariffs on US$120bn in US imports from China.

Despite crisis induced volatility seen both domestically and abroad, the ASX300 Index reached a new historical high in January at 7087. The broad benchmark posted a somewhat surprising 4.9% return (notwithstanding some retracement to end the month). Large Caps were preferred over Small Caps in January at the headline, and within the subcomponents, with Industrials outperforming Resources across all size biased indices. By sector, Health Care (+12.0%), IT (+11.1%) and Consumer Staples (+8.2%) outperformed in Australia, while Utilities (+0.6%), Energy (+0.7%) and Materials (+1.8%) underperformed the most.



This graph shows how $100,000 invested at the Fund's inception has increased to $609,000 (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 $454,200 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0002AU	PVA0022AU
Minimum Investment	$20,000	N/A
Issue price	$2.5702	$2.5712
Withdrawal price	$2.5508	$2.5518
Distribution (31/09/2019)	$ 0.0200	$ 0.0210
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 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 & strategy

When it rains, it pours. Month of January was certainly eventful. From the natural disaster view point – we had bushfires, hailstorm, floods in this vast country. From the biology view point, the full-scale government intervention to the outbreak of coronavirus took border security to a new level. The Fund was not immune, impacts including 1) poor retail trading in the fire-ravaged region (Mosaic), 2) expected elevated insurance claims from natural disasters (Insurance Aust), tourism impact (Event Hospitality & Entertainment). The resultant concern on general economic growth also affect the resources & banking sector. On the positive side, we saw the recovery of REIT names as bond rate dropped (funds chasing safe-haven treasuries). The Fund return 2.7% for the month. Detractors included the fund's nil investment in the strong performing Healthcare and IT sector as they do not pay much dividends.

red -healthcare　　purple - IT sector　　green - ASX300

We will hear more commentaries from management in the upcoming results reporting time to better gauge the short / medium term impacts. For now, we remain cautious even though liquidity and low interest rates are likely to remain supportive for equity investment.

Top Contributors (Absolute)	Sector
Commonwealth bank	Financials
Goodman Group	Real Estate
Wesfarmers	Consumer Discretionary

Top Detractors (Absolute)	Sector
Mosaic Brands	Consumer Discretionary
Insurance Australia	Financials
Event Hospitality & Ent	Communication Services

Platforms
Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, Netwealth, Symetry, Wealthtrac

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