Prime Value
Equity Income (Imputation) Fund
Fund Update – September 2019

- Hints of improvements in the macro-economic backdrop led to a strong September monthly performance for share markets
- Total return for the month was 2.1% including franking, assisted by the performance in big banks and big miners.
- The Fund distributed 2 cents per unit for the September Quarter or 1.3% income return including franking.

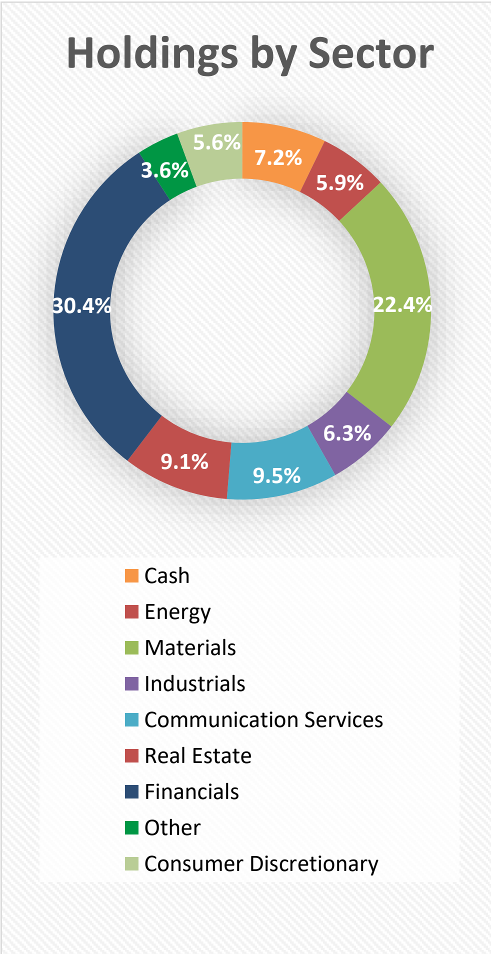
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	**10.6%**	5.4%	5.2%	**12.7%**	8.5%
10 Years (p.a.)	**5.8%**	1.4%	4.4%	**8.0%**	8.0%
5 Years (p.a.)	**6.6%**	2.3%	4.3%	**8.7%**	9.5%
3 Years (p.a.)	**7.2%**	2.5%	4.7%	**9.4%**	11.9%
1 Year	**4.9%**	(1.9%)	6.8%	**7.8%**	12.6%
3 Months	**0.3%**	(0.5%)	0.8%	**0.8%**	2.6%
1 Month	**1.6%**	0.8%	0.8%	**2.1%**	1.9%

* 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
BHP	Materials
Commonwealth Bank	Financials
Macquarie Group	Financials
Westpac	Financials
Newcrest Mining	Materials

The top five holdings make up approximately 30.3% 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



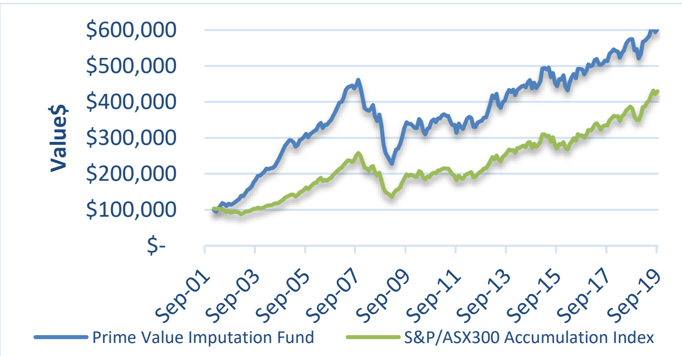
Market review

Global markets rallied in September, with developed markets up 2.4% in local currency terms, and emerging markets rising 1.5%. The Nikkei 225 (Japan) was the best performing major index (+5.8%), followed by the Euro Stoxx 50 (4.3%) and FTSE 100 (3.2%). Value-heavy European indices delivered the strongest performance in September. In contrast, the more growth-oriented NASDAQ Composite (+0.5%) and MSCI China (-0.2%) underperformed.

With hints of an improvement in the macro-economic backdrop, combined with a sustained period of value-investing underperformance and extreme positioning, triggered a rotation from growth to value stocks. The rotation in Australia was particularly pronounced, with JP Morgan estimating value stocks outperformed growth stocks by 384 basis points.

Financials (+4.5%) and Energy sectors (+4.3%) led the global 'value' stocks uplift, with both outperforming strongly in the month. The rotation to 'value' stocks was similar locally, with banks (+4.9%) and energy (+3.9%) buttressing the gains for value. At the other end of the spectrum, growth and defensives sectors languished, with healthcare (-3.2%), communication services (-3.3%) and REITS (-2.8%) bearing the brunt of the downdraft in Australia.

After a slump in August, iron ore prices rebounded in September. The Bloomberg Commodities Index rose 1.0%. Oil spiked mid-month following an attack on a major Saudi Arabian processing plant, with the price rising 14.2% on 16 September. Over the month, however, Brent oil price gained just 1.4% as processing capacity at the damaged facility was restored more quickly than expected.



This graph shows how $100,000 invested at the Fund's inception has increased to $603,300 (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 $430,000 over the same period. The returns exclude the benefits of imputation credits.

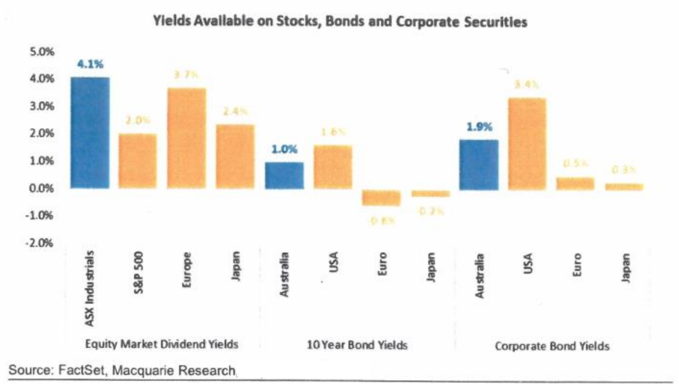
	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0002AU	PVA0022AU
Minimum Investment	$20,000	N/A
Issue price	$2.5793	$2.5796
Withdrawal price	$2.5597	$2.5600
Distribution (30/09/2019)	$ 0.0200	$ 0.0206
Indirect Cost Ratio (ICR)*	1.435% p.a.	1.23% p.a.
Performance fee**	20.5%	20.5%

* 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

The Fund returned 1.6% for the month of September as the big cap financial and miners gained performance. For the Quarter ending September, the Fund distributed 2 cents per unit, equating to a distribution return of 1.3% including franking. Absolute contributors for the month included **Genworth Mortgage Insurance** (+10.3%), **NAB** (+8.5%) and **Macquarie Group** (+5.8%). Detractors were mainly the more defensive names including **Newcrest** (-6.0%, on weaker gold price), **Goodman Group** (-2.3%) and **Viva Energy REIT** (-3.3%).

"Lower for longer" or even a potential negative interest rate is getting entrenched into investment thinking. The implications for investors have been profound as wealth is transferred from savers to borrowers. Investment managers are still debating how best incorporating this new interest rate environment into valuation when equity market already had been trading on a higher PE ratio on the back of low interest rate. In economic terms, will a lower rate really stimulate spending when rates in general are already low? What does that say about consumer or business confidence? The saving populace in Australia in particular would feel the pain of low interest income and some might take on risk in search of yield. We note that Australia equity market continues to offer some 4% yield which is attractive for income investors at home or abroad. Chart below shows some of the comparable rates on offer in global context. We continue to suggest investors to look at total return (income & capital return) when investing.



Top Contributors (Absolute)	Sector
Genworth Mortgage Insurance	Financials
National Australia Bank	Financials
Macquarie Group	Financials

Top Detractors (Absolute)	Sector
Newcrest	Materials
Goodman Group	Financials
Viva Energy REIT	Financials

Platforms

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

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