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

- Equities sold off aggressively in March as investors de-risked portfolios due to the rapid acceleration in global COVID-19 cases
- A three-pronged calibrated effort against COVID-19 and to mitigate economic impact continues through health, monetary and fiscal policies
- Fund distributed 2 cents per unit for the March Quarter

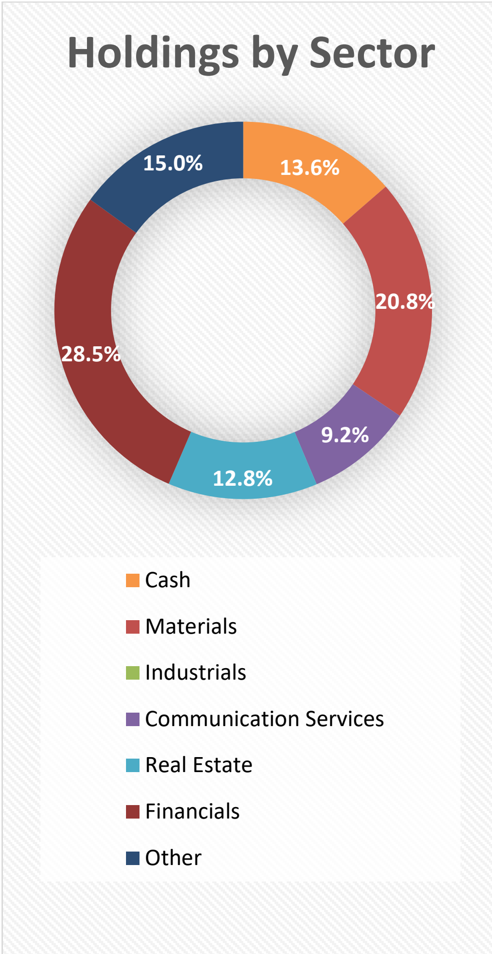
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	8.3%	3.2%	5.1%	10.3%	6.8%
10 Years (p.a.)	2.1%	(2.1%)	4.3%	4.2%	4.8%
5 Years (p.a.)	(2.7%)	(6.8%)	4.1%	(0.9%)	1.4%
3 Years (p.a.)	(5.9%)	(10.2%)	4.3%	(4.0%)	(0.6%)
1 Year	(24.4%)	(28.2%)	3.8%	(23.2%)	(14.5%)
3 Months	(27.3%)	(28.4%)	1.1%	(27.2%)	(23.4%)
1 Month	(23.0%)	(24.2%)	1.1%	(22.9%)	(20.8%)

* 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
Wesfarmers	Consumer Discretionary

The top five holdings make up approximately 32.5% 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
Suggested Investment Period	3 + years



Market review

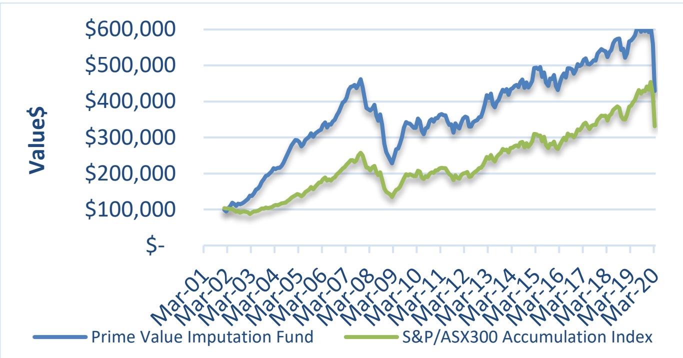
March saw the swiftest share market falls on record. Global shares, as measured by the MSCI Developed Market Index in local currency terms, fell -12.8% and into bear market territory during the month. However, with some Chinese economic indicators starting to improve as China began returning to normal, its share market performed better than most, falling only -4.5%. The tech-heavy NASDAQ Index (-9.0%) was another outperformer as some of its constituents are likely to see a net positive impact of more people working from home.

Australia recorded some of the largest losses with the S&P/ASX300 Accumulation index down 20.8 % for the month. The Small Ords Index fell a larger -22.4% as investors sought the greater liquidity in large cap companies.

The three-pronged fight against COVID-19 and its economic impact continues. Central banks are providing monetary policy support to keep banks and markets functioning, national governments are providing fiscal policy support to consumers and businesses, and governments at all levels are taking public health policy steps to contain the spread of the virus.

Current market prices are reflecting the near-term effects of the coronavirus and the oil price war that had begun between OPEC members. Without a doubt the effect of the coronavirus on near-term growth and corporate earnings is going to be negative. That said, it is important to remember that this effect is one of disruption, not damage. The financial system is intact. Global production capacity is likewise in good shape. Production has been halted for a while, the flow of goods has been interrupted, and demand for them is temporarily suppressed. But the production capacity remains in place to fill demand when it revives.

Markets like this have been very rare, arriving only every decade or so. This crisis, like those before it, has thrown up opportunities in our view to buy strong franchises at extraordinarily attractive prices.



This graph shows how $100,000 invested at the Fund's inception has increased to $429,200 (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 $331,700 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	$1.8115	$1.8128
Withdrawal price	$1.7977	$1.7990
Distribution (03/03/2020)	$ 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

The Fund distributed 2 cents per unit for the March quarter. A key feature impacting this Fund during the month was dividend deferral. We noted events such as; 1) dividend declared, cancelled; 2) dividend declared, gone ex div, payment deferred; 3) dividend declared, gone ex div, cancelled. This is something disturbing, perhaps partly reflecting the severity of the Covid-19 situation. Preserving cash became top priority and companies are cutting investment capex, scaling down operations when they can and deferring or cancelling dividends. At the same time, companies are withdrawing their profit or distribution guidance that were released in February reporting season. Equity raising at this time is typically dilutive but potentially attractive for new investors as they tend to be priced at a steep discount.

Businesses with strong asset base such as airports, REITs were particularly weak as "capitulation" permeated through the market. In some cases, the share price dropped by more than 50% and traded at 50% of the stated NTA. Granted, there are lots of noises on total landscape change and the short-term outlook is bleak but at what price? The Fund holds about 14% cash, higher than our normal level and we will deploy them as opportunities arise

We are mindful of the change in dividend outlook in some of our investments. For now, the big miners seemed to be able to continue offering relatively attractive dividend yield even based on conservative assumptions. We continue to monitor the situation and will adjust the portfolio accordingly.

Top Contributors (Absolute)	Sector

Top Detractors (Absolute)	Sector
Commonwealth Bank	Financials
Macquarie Group	Financials
National Australia Bank	Financials

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

Contact details:
Brittany Shazell, Riza Crisostomo, Julie Abbott & Dora Grieve
Client Services Team
Phone: 03 9098 8088
Email: info@primevalue.com.au
Web: www.primevalue.com.au

Mail:
Prime Value Asset Management Ltd
Level 9, 34 Queen Street
Melbourne VIC 3000

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Equity Income Fund must obtain and read the PDS dated September 2017 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Equity Income Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.