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

- Share markets rallied again in June, heavily influenced by hopes of recovery and easing mobility restrictions in a number of countries
- The ASX300 Accumulation Index posted its strongest quarterly gain since the GFC, rising 16.8% for the June quarter. Whilst the Australian market fell 7.8% in FY20, the Healthcare (+27%) and Technology (+20%) sectors were stand out performers through the year
- Fund returned 17.3% for the June Quarter and income yield of 4.6% including franking for FY2020.

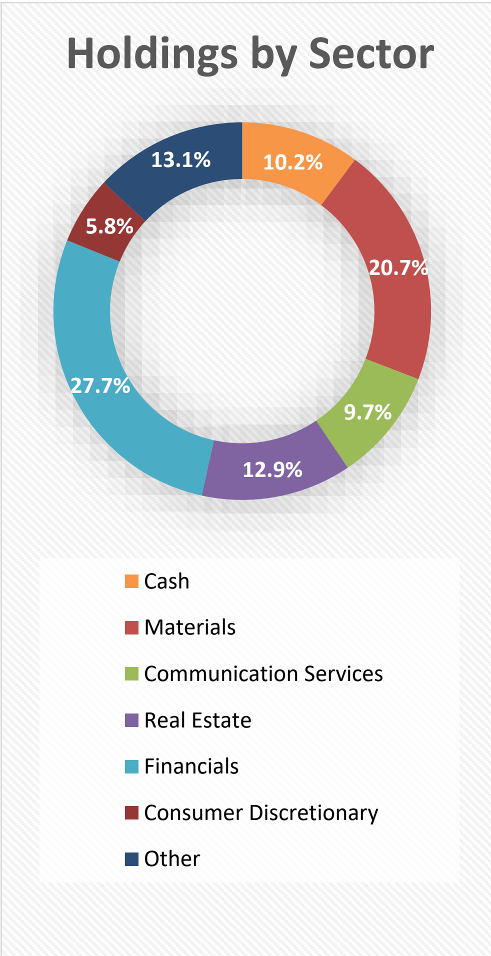
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.1%	4.0%	5.1%	11.1%	7.6%
10 Years (p.a.)	5.0%	0.6%	4.4%	7.1%	7.7%
5 Years (p.a.)	1.4%	(2.8%)	4.2%	3.4%	6.0%
3 Years (p.a.)	(0.0%)	(4.6%)	4.6%	2.1%	5.2%
1 Year	(16.3%)	(19.7%)	3.3%	(15.0%)	(7.6%)
3 Months	17.3%	15.7%	1.6%	17.5%	16.8%
1 Month	2.1%	0.7%	1.4%	2.3%	2.4%

* 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 33.4% 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



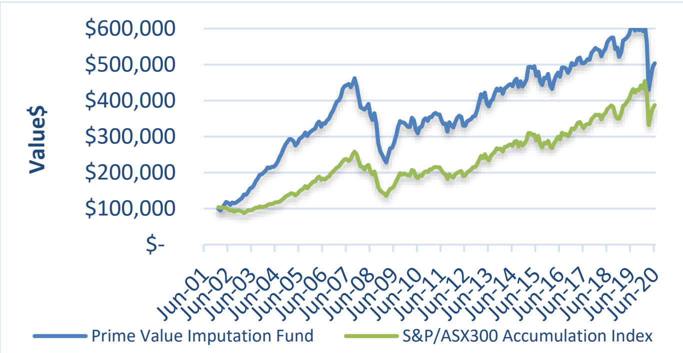
Market review

The 2020 financial year was literally a year of two halves. We entered FY20 following an unexpected Federal election outcome but were optimistic with both Monetary and Fiscal stimulus supportive of markets. Investors held high expectations going into early 2020 only to be confronted by the crisis from bushfires, followed by COVID-19. As at end June 2020, the ASX300 Index has rebounded 29% since the March 23 low and remains 19% below the February high. The rally off the lows was driven by central bank liquidity, fiscal stimulus and a recovery in activity as the economy emerged from hibernation. In Australia's case, the health impact of COVID-19 has also been less than feared.

Overall, the ASX300 Accumulation Index fell 7.6% in FY20, but the Healthcare and Technology sectors posted strong gains. The Technology sector emerged as a major contributor to market returns in FY20 gaining share along the way, and now accounts for 3.5% of the overall index. Outside of the Technology sector, global Healthcare companies performed well, with CSL taking the mantle as the largest stock within the index along with the largest stock contributor. Energy was the worst performing sector (-28.9%), driven by lower oil prices while Banks underperformed in both 2H2019and 1H2020 as a result of RBA rate cuts and COVID tail risk concerns.

The ASX300 Accumulation Index rose 2.4% in June, in line with its developed markets peer average of 2.4%. In Australia, IT (+6.0%), Consumer Discretionary (+5.4%) and Consumer Staples (+5.1%) sectors outperformed the most, while Energy (-2.0%), REITs (-1.4%) and Industrials (-1.3%) sectors comparatively underperformed.

Global commodity prices continued their recovery in June. Brent Oil prices rose a substantial US$5.82/bbl to US$41.15/bbl, partly driven by the improving global economic outlook and a depreciating US Dollar. Iron ore prices stabilised at US$101.50/t, the highest in almost a year. Lower real interest rates and uncertainty further contributed to rise of gold prices, with gold rising US$39.40/oz to US$1768.10/oz.



This graph shows how $100,000 invested at the Fund's inception has increased to $503,300 (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 $387,400 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	$2.0722	$2.0728
Withdrawal price	$2.0566	$2.0572
Distribution (30/06/2020)	$0.0283	$0.029
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 17.3% for the June Quarter and made our quarterly distribution of 2.83 cents per unit. Total cash distribution of 8.83 cents per unit plus imputation credit of 3.69 cents were distributed to our investors for FY2020, making a highly tax-effective distribution return of 4.6% including franking. For the year, key contributors to absolute performance include the consumer staple sector (Wesfarmers, Woolworths and Waypoint REIT) but detracted by the poor performance of the Financial (banks & Reits) and Energy sectors (low oil prices). For relative performance, nil holding in Health and Technology sectors per se hurt performance of this Fund. Our holding in Goodman Group partly participated in the "on-line" move by consumers.

The last quarter of FY20 had been challenging but the Fund recovered well from an oversold situation in mid-March. This medical and economic uncertainty continues into FY21. Market-wide consensus earnings are expected to fall 17% for FY20E (reporting in August) and the outlook for FY21 is still evolving. Government policies, budget and spending in the coming months will be closely watched. Economic recovery and/or any structural reforms are likely to throw out winners and losers in the "new normal" – whatever shape or form that might be. Globally geopolitical tension between China/US continues and the upcoming US election adds to potentially volatility. We continue to monitor our holdings and make adjustments as necessary.

Market yield now stands at 3.4% as companies cancelled, withdrew or deferred dividends on the back of reduced earnings and lower payout ratio to preserve cash. Whilst this is below the long term average, it still offers a competitive yield compared to some other income products. As someone aptly commented bonds are now offering "return-free" rate. The "income recession" for many retirees is real and unfortunately it is not at the forefront of government policies. We continue to seek out companies paying sustainable dividend and with medium term growth prospect for our investors.

Top Contributors (Absolute)	Sector
Commonwealth Bank	Financials
Wesfarmers	Consumer Discretionary
Macquarie Group	Financials

Top Detractors (Absolute)	Sector
Nine Entertainment	Communication Services
Goodman Group	Real Estate
Telstra	Communication Services

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

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