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

- Global share markets declined in September, impacted by US stimulus concerns and a second wave of covid-19 infections in Europe.
- The Fund made a distribution of 1.3 cents per unit for the Quarter
- Fund's total return was 2.6% including franking for the September Quarter, ahead of its benchmark

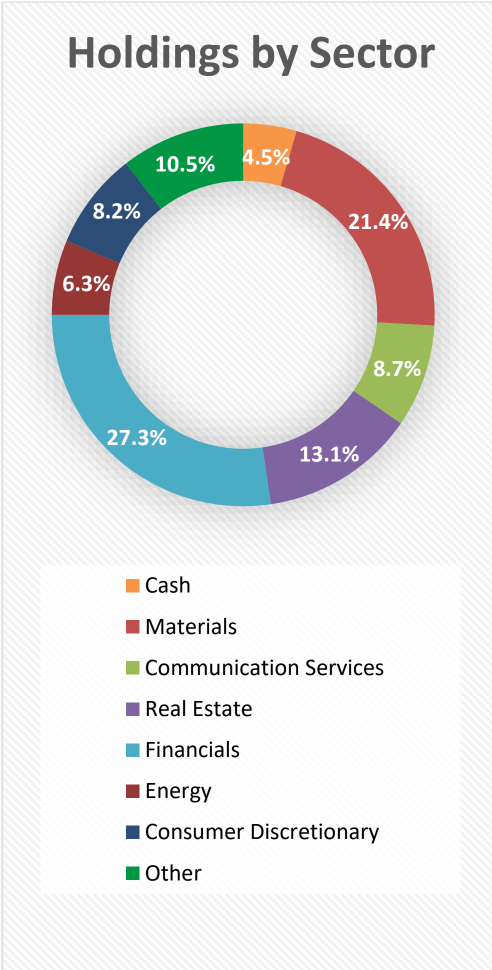
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.1%	4.0%	5.1%	11.1%	7.5%
10 Years (p.a.)	4.0%	(0.4%)	4.4%	6.2%	6.9%
5 Years (p.a.)	3.0%	(1.2%)	4.2%	4.9%	7.4%
3 Years (p.a.)	0.1%	(4.5%)	4.6%	2.1%	4.9%
1 Year	(14.8%)	(18.0%)	3.3%	(13.5%)	(10.0%)
3 Months	2.2%	1.5%	0.6%	2.6%	(0.1%)
1 Month	(2.8%)	(3.4%)	0.6%	(2.4%)	(3.6%)

* 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
Macquarie Group	Financials
Commonwealth Bank	Financials
Wesfarmers	Consumer Discretionary
Goodman Group	Real Estate

The top five holdings make up approximately 30.7% 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
Suggested Investment Period	3 + years



Market review

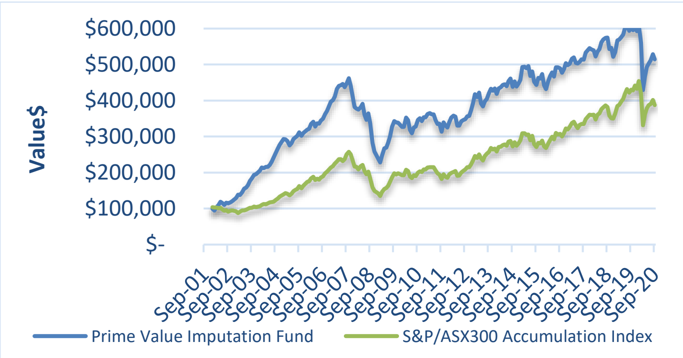
Global markets declined in September, weighed down by delays in US fiscal stimulus and a second wave of covid-19 infections in Europe. All developed market sectors fell led by Energy, Financials and Communications while outperformers were Utilities, Industrials and Materials.

Global commodity prices gave up some of their recent gains on growth concerns and a rising $US. Iron ore prices fell US$5.00/t to US$120.00/t and gold continued to fall, down US$70.34/oz to US$1,957.03/oz. The Australian Dollar reversed some of its recent gains, down 3% against the US Dollar to US$0.717. This is positive for Australian companies that export or have significant revenues in US dollars.

The ASX200 Accumulation Index returned -3.6% in local currency terms, underperforming the Developed Market's World Index return of -2.9%. The September decline was the first negative return for the Australian share market in six months and is now down 11% in 2020. During the month, Healthcare (+0.9%), Industrials (+0.3%) and REITs (-1.5%) outperformed the most, while Energy (-11.1%), IT (-6.8%) and Consumer Staples (-6.6%) underperformed.

There were 3 main highlights for the month. Locally, the government announced a repeal of responsible lending legislation from March 2021 that will shift responsibility from "lender beware" to "borrower responsibility" and was seen as positive for banks and the housing market. A sharp decline in Victoria's covid-19 infection rates provided visibility for the future relaxation of restrictions in that state and the opening of state borders. Lastly, at the end of the month, the two US presidential candidates held a debate which was broadly criticised in the media.

In coming months we expect increased news flow on phase 3 trial results for covid-19 vaccines. This may shift focus from the current infection rates to an end to this crisis and the likely economic rebound. Locally we also have the Federal Budget on Tuesday, October 6 which is expected to provide significant fiscal stimulus to the economy.



This graph shows how $100,000 invested at the Fund's inception has increased to $514,000 (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 $387,100 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	$2.1041	$2.1047
Withdrawal price	$2.0951	$2.0957
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 -2.8%% for the month of September or 2.6% for the September Quarter including franking. Big banks and big miners all returned negative during the month. Contributors were from some of our niche holdings such as mortgage brokers (Mortgage Choice +26.5%, Aust Finance Group +15.1%) when the Treasurer announced an intention to remove the Responsible Lending Obligations for lenders and rely on APRA's lending standards. "Re-opening" holdings such as Event Hospitality (EVT, +16.0%) and Nine Entertainment (NEC, +5.1%) were other contributors.

The recent corporate events around RIO, QBE, AMP brought to mind that boards and management are being held to an increasingly high standard and that ESG (Environmental, Social, Governance) considerations now need to be incorporated into executive strategy as well as embedded into operations. According to some broker analysis, the COVID crisis has cemented the importance of ESG factors. In the recent result reporting, nearly every company discussed the measures they have put in place to ensure employee safety and wellbeing, as well as the support they are providing to customers, suppliers and the community. Over the years we have seen ESG factors from being at the fringe to slowly evolving into a thematic. There are direct implications for investments. For example,

- Following RIO Juukan Gorge incident, resources companies' relationships with indigenous owners are in the spotlight. This might impact future iron ore production for BHP or Fortescue Metals (FMG)
- The "green" agenda is beginning to be embedded into executive remuneration. BHP held a "climate change briefing" day articulating "social value" and future portfolio positioning
- Management change / reprimand resulted from the disconnect between corporate behaviour and community expectations (QBE, AMP, Cleanaway)

Management integrity, execution of strategy, effective & experienced Board are among our criteria when researching a company. We continue to monitor this space and assess potential opportunity and risk.

Top Contributors (Absolute)	Sector
Event Hospitality	Communication Services
Nine Entertainment	Communication Services
Mortgage Choice	Financials

Top Detractors (Absolute)	Sector
BHP	Materials
Macquarie Group	Financials
Commonwealth Bank	Financials

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

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