

Prime Value

Equity Income (Imputation) Fund

Fund Update – December 2020

- Global share markets posted further gains on top of strong November rallies and in spite of incrementally negative COVID-19 news during the month
- The ASX300 Accumulation Index rose 1.3% in December, to end 2020 1.7% higher. The second Half of CY2020 was particularly strong returning 13.7%
- Fund returned 2.5% for the month of December or 19.0% FYTD including franking; outperforming its benchmark

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.8%	4.7%	5.1%	11.8%	8.1%
10 Years (p.a.)	5.3%	1.0%	4.3%	7.4%	7.7%
5 Years (p.a.)	4.6%	0.4%	4.2%	6.6%	8.8%
3 Years (p.a.)	2.9%	(1.8%)	4.6%	4.9%	6.9%
2 Years (p.a.)	6.7%	2.3%	4.5%	8.6%	12.2%
1 Year	0.2%	(3.4%)	3.6%	1.8%	1.7%
3 Months	15.5%	14.9%	0.6%	16.0%	13.8%
1 Month	2.5%	1.9%	0.6%	2.9%	1.3%

* 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.

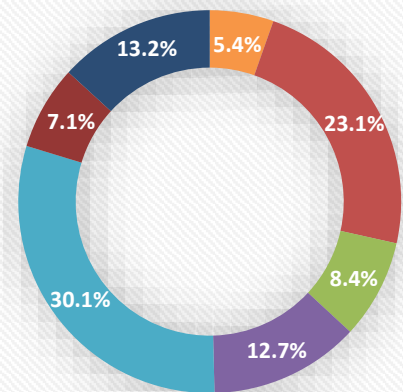
** Returns grossed up for franking credits are estimates.

Top five holdings	Sector
BHP	Materials
Macquarie Group	Financials
Commonwealth Bank	Financials
Wesfarmers	Consumer Discretionary
ANZ Bank	Financials

The top five holdings make up approximately 32.2% 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

Holdings by Sector



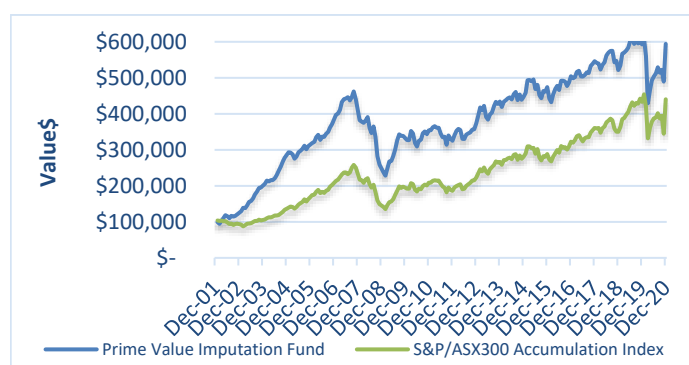
Market review

US equities had a strong month through December, rallying following the commencement of COVID-19 vaccine distribution and general optimism for 2021. A notable development was President Trump signing the aid bill four days before the end of the year. The combined US\$2.3 trillion relief and government funding package prompted the S&P500 Index to finish December up 3.7%, the Nasdaq 5.1% higher and the Dow Jones Industrial Average up by 3.7%. In Europe, the STOXX600 and the FTSE100 indices rose 2.5% and 3.1% respectively as COVID-19 vaccines fuelled hopes of an economic rebound, while the U.S. election and Brexit deal reduced political risks. The Basic Resources sector stood out for the STOXX600 Index returning 10.8%, followed by Travel and Leisure (+6.5%). Consumer Products and Services (+5.8%). Telecommunication sectors lagged the index down (-3.05%) over the month.

Crude oil futures posted further gains in December. WTI and Brent Crude oil gained 7.0% and 10.5% in December, following 26.7% and 27.9% in November. Gold posted the first monthly gain since July after a run of losses prompted by the development of effective COVID-19 vaccines. Gold increased 6.8% in December. Despite the government struggling to contain COVID-19 clusters within Australia, the Australian Dollar finished the year strong at 76.9c against the US Dollar.

The ASX300 Accumulation Index was stronger in December, closing 1.3% higher and leading global peers for the quarter. Resources fared better than Industrials across all size indices by a significant margin with the ASX200 Resources Index returning 8.5% compared to the ASX200 Industrials index falling -0.6%. Mid-Caps (3.4%) outperformed the Small (2.8%) and Large (0.7%) Indices. Within sectors, Info Tech rose the most (+9.5%) followed by Materials (8.8%). Utilities (-5.4%) and Health Care (-4.9%) fell the most in the month.

Australia is well placed. We expect Australia's economic recovery to continue in 2021, helped by lower virus incidence and sustained policy support. Recent economic data has been better than expected, and while momentum should slow in 2021 the economy in a stronger base to build a recovery.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$594,000 (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 \$440,500 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	\$2.4099	\$2.4109
Withdrawal price	\$2.4075	\$2.4085
Distribution (31/12/2020)	\$0.0130	\$0.0140
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

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Fund review & strategy

The Fund returned a strong 2.5% for the month of December or a total return of 19.0% for the First Half of FY21 including franking. Distribution totaled 2.6 cents per unit cash for the Half plus imputation credit. Key contributors for the Half were Fund's holdings in big miners such as BHP, Fortescue (FMG) which outperformed on strong iron ore prices. These big miners will continue to pay good dividends out of their free cash flow. Banks also did well in Dec Quarter, recovered from the earlier losses in the Sept Quarter. Detractors included gold names. Other than economic factors, we observed that Gold's role as a hedge for times of uncertainty has been challenged by the rise of "crypto currency". Watch the space.

As we look back to 2020, we noted many changes to our way of life – some might be temporary, others more structural. The rise of e-commerce, Work from home (WFH) and/or decentralization of work force from CBD offices all have taken a quantum leap with the help of technology. The ASX indices reflected this as the technology sector has moved from 3% to 5% of the Index over the year. Whilst this trend on technology use will continue, we need to be cautious that their share market successes are not overextended in a low interest rate environment.

We start 2021 with a confidence that conditions continue to be favourable for equities. On the economy front, the step down of the Federal Government's assistance scheme seemed to have progressed reasonably well. We still need to watch China's disruptions to the import of individual product categories from Australia and their impacts. On the global front, keep an eye on the initiatives from the new Biden administration overtime especially in the "green" area.

The Australia market is trading at 19.5X PE, Dividend yield of 3.5%. In the next Half, the majority of the earnings growth is likely to come from the Resource sector. This Fund will continue to seek sustainable income, franking (added approx. 200 basis points per annum historically) and capital growth over the medium term for our investors.

Top Contributors (Absolute)	Sector
BHP	Materials
Fortescue	Materials
Oz Minerals	Materials

Top Detractors (Absolute)	Sector
Event Hospitality	Communication Services
Newcrest	Materials
Aurizon Holdings	Industrials

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

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