Prime Value
Equity Income (Imputation) Fund
Fund Update – February 2021

- Global share markets gained modestly in February as optimism grew that the global roll-out of vaccines will pave the way for full economic recovery
- The ASX300 Accumulation Index was up in February, closing 1.5% higher, with resources companies performing strongly due to expectations of good global economic growth
- Fund returned a strong 3.6% for the month of February, outperforming its benchmark by 2.1% basis points.

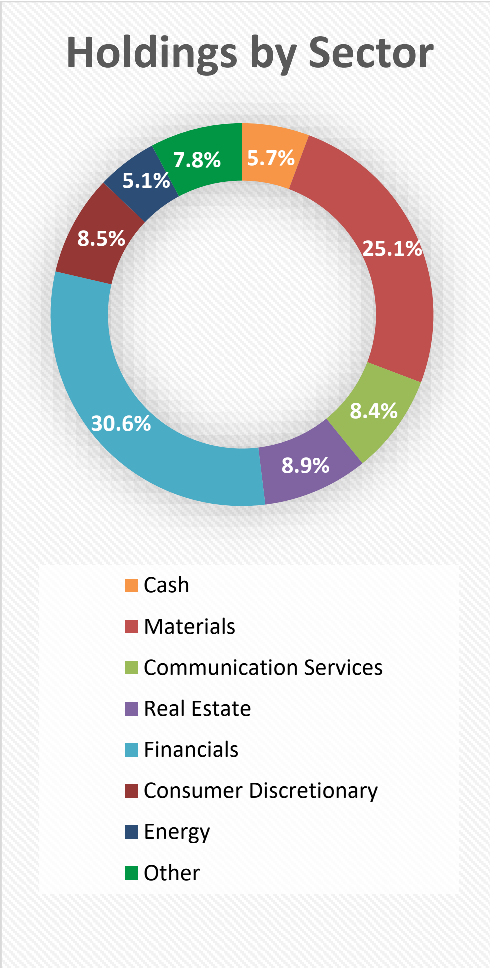
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.9%	4.9%	5.0%	12.0%	8.1%
10 Years (p.a.)	5.5%	1.2%	4.3%	7.6%	7.7%
5 Years (p.a.)	7.4%	3.1%	4.3%	9.4%	10.8%
3 Years (p.a.)	4.6%	(0.1%)	4.7%	6.7%	7.5%
2 Years (p.a.)	4.4%	0%	4.4%	6.2%	7.9%
1 Year	10.5%	6.5%	3.9%	12.2%	7.1%
3 Months	6.7%	6.1%	0.6%	7.1%	3.2%
1 Month	3.6%	3.6%	0%	3.6%	1.5%

* 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
ANZ Bank	Financials
Wesfarmers	Consumer Discretionary

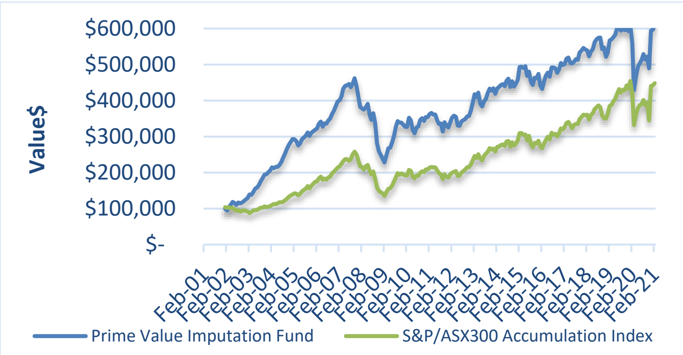
The top five holdings make up approximately 32.5% of the portfolio.

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

Global markets pulled back toward the end of February, as global bond yields rose. The MSCI World Developed Markets Index rose 2.6%, outperforming the Emerging Markets World return of 0.8% in US Dollar terms. The Developed markets outperformance was partially driven by the DJ Euro Stoxx which rose by 4.5%. US President Biden's US$1.9tn stimulus package is currently awaiting approval from the Senate. The stimulus plan will provide $1,400 direct payments to eligible individuals, increase federal unemployment benefits from $300 to $400 a week, and provide about $50bn additional funding to schools, alongside numerous other payments/initiatives. Talks of the Biden stimulus have prompted commentators to voice concerns over a consequential overheating of the US economy and higher inflation.
Brent Oil prices rose $10.25/bbl to $66.13/bbl, partly driven by the reflation trade and vaccine optimism. Iron ore prices surged to $US174.0$/Mt rising by $US16.0 $/Mt. Gold prices fell $120.95/oz to $1,742.85/oz.
ASX300 Accumulation Index rose by 1.5% in February, underperforming against the DM World Index's return of 2.7% in local currency terms. The Materials (+7.3%), Financials (+5.2%) and Energy (+2.4%) sectors outperformed in Australia. As expected in this rising yield environment the longer duration Technology sector underperformed the most (-8.9%). The Utilities (-8.0%) and Consumer Staples (-4.6%) sectors also under performed. Large caps (+2%) performed strongest, while Small Caps (+1.6%) were also positive, but Mid Caps were down 1.4%. In the first two weeks of February the focus was on company results beats and misses. The market was rewarding stocks that beat due to COVID tailwinds and sold-off stocks that missed due to COVID headwinds. In the second half market focus shifted to the impact that rising bond yields was having on stocks. Consequently, despite a strong reporting season, the ASX300 Index underperformed its global peers weighed by the sectors mentioned above.



This graph shows how $100,000 invested at the Fund's inception has increased to $618,200 (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 $448,500 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	$2.5161	$2.5179
Withdrawal price	$2.4971	$2.4989
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

Fund review & strategy

The Fund returned a strong 3.6% for the month of February in what has been a very strong result reporting month with the benchmark returning 1.5%. In a "post Covid" environment and the commencement of vaccination program around the world, the equity market embraced the new post Covid world. The Fund benefitted from its holdings in big miners, which pay out more dividends than expected by going to the top-end of their payout range. This group of steel related names is leveraged to global reflation (hot topic at the moment!) but we also need to monitor its own demand /supply situation. For the month, contributors were BHP (+12.8%), Nine Entertainment (NEC, +19.1% on strong results and Google news sign up) and Macquarie group (MQG, +8.4%, earning guidance upgraded). Detractors were Wesfarmers (WES -9.8%), Waypoint REIT (WPR, -7.0% bond yield movement) and Navigators (NGI -15.5%, result complicated by merger accounting). On broad market sectors, not owning the high-valuation technology names helped relative performance.

Another highlight of the reporting season was the positive updates from banking sector. They were driven mainly by lower impairments (WBC and ANZ even had write backs), but underlying results were generally better than expected too. It would seem that for FY21 the banks' forecast earnings growth would outpace the market. The rising bond yield has added another positive for the sector. We will make some portfolio adjustment in the coming months.

The rising bond yield was featured prominently in all the investment thinking of late. As we know, much of the equity performance was based on higher valuation ascribed in a low interest rate environment. A prolong rise in bond yield works against this argument and we need the earnings to catch up to justify the valuation. This partly explained the recent strong performance for some of the "value" names. We continue to monitor this space.

Top Contributors (Absolute)	Sector
BHP	Materials
Nine Entertainment	Consumers
Macquarie Group	Financials

Top Detractors (Absolute)	Sector
Wesfarmers	Consumers
Waypoint REIT	Financials
Navigator Global	Financials

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

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