

Prime Value

Equity Income (Imputation) Fund – April 2022

- The prospect of higher interest rates leading to slower growth weighed on equity markets.
- The Australian share market fell 0.8% but continues to outperform its global peers, as defensive Australian companies in the Healthcare and Utilities sectors carried market performance.
- Fund returned -0.4% for the month of April, outperformed its benchmark.

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	10.2%	5.1%	5.1%	12.3%	8.5%
10 Years (p.a.)	7.4%	3.0%	4.4%	9.6%	9.9%
5 Years (p.a.)	6.9%	2.3%	4.7%	9.2%	9.0%
3 Years (p.a.)	8.0%	3.3%	4.7%	10.3%	9.7%
2 Years (p.a.)	24.8%	19.6%	5.2%	27.6%	20.4%
1 Year	10.9%	5.3%	5.6%	14.2%	10.2%
3 Months	7.4%	5.1%	2.3%	8.7%	8.2%
1 Month	-0.4%	-0.4%	0.0%	-0.4%	-0.8%

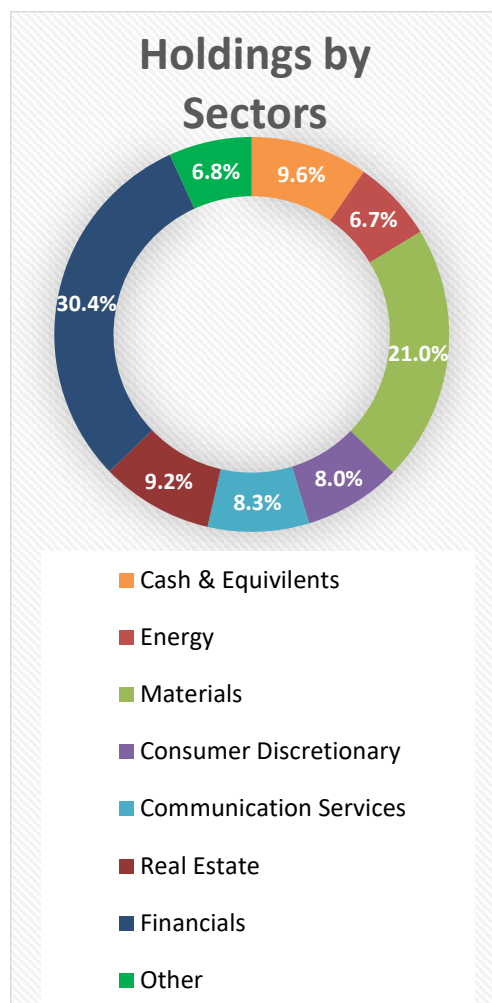
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts. 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
Macquarie Group	Financials
BHP Group	Materials
Commonwealth Bank	Financial
National Bank	Financials
Wesfarmers Limited	Consumer Discretionary

The top five holdings make up approximately 32.8% 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

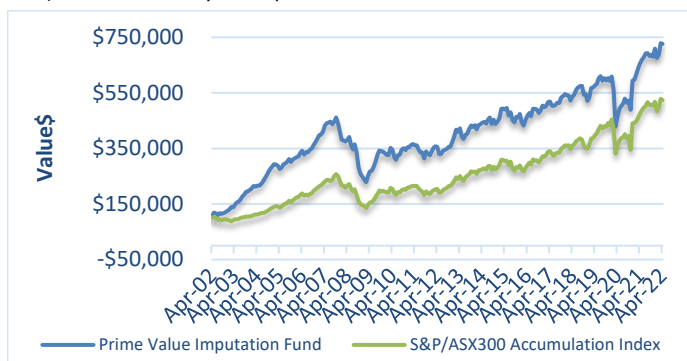


Market review

April proved a weak month for global equities, as rising inflation fears fuelled concerns of a slowdown in economic growth. Major equity markets fell during the month, except for the FTSE 100 Index, which recorded a small increase of +0.8%. The MSCI World Index fell -6.5% over the month led by US markets where the S&P500 Index fell -8.7%. The NASDAQ dropped another -13.2% over April as investors continued to sell down tech and 'growth' stocks. The NASDAQ has now fallen over 20% so far in 2022. Markets in Europe and Japan also fell over the month with the Stoxx 50 Index down -2% and the Nikkei 225 Index down -3.5%.

Government bonds continued to sell off (yields moved higher) and currency markets were volatile. On the latter, the Australian dollar enjoyed strong gains versus a number of currencies over the month, presumably a reflection upon strengthening terms of trade via rising commodity prices. Brent oil prices finished April at US\$109/bbl, only moving up \$1 for the month. Further gains were limited on weaker oil demand prospect from China due to continued expansion of lockdowns and mass testing across the region.

The ASX300 Accumulation Index lost ground (-0.8%) in April, relatively outperforming the DM World Index which fell (-6.9%) and the EM World Index which declined -3.5%. The ASX also outperformed against the S&P500 Index which fell (-8.7%). In April, whilst we observed a large drawdown within the Technology sector. Resources performed best within small caps, whilst Industrials had the edge in the mid- to small-cap stock universe. Size favoured large caps over small, however stocks within the top 20 by market cap observed relative underperformance vs. the slight broader top 50 stocks. On a sector basis, Utilities (+9.3%) was the strongest performer, while Industrials (+3.5%), and Consumer Staples (+3.3%) also outperformed in Australia. The IT (-10.4%), Materials (-4.3%) and Consumer Discretionary (-3.1%) sectors relatively underperformed.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$726,010 (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 \$524,180 over the same period. The returns exclude the benefits of imputation credits.

Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0002AU	PVA0022AU
Minimum Investment	\$20,000	N/A
Issue price	\$ 2.7828	\$ 2.7846
Withdrawal price	\$ 2.7617	\$ 2.7636
Distribution (31/03/2021)	\$ 0.0400	\$ 0.0412
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 -0.4% for the month of April, outperformed its benchmark. Contributors were Amcor (AMC +10.4%), Pental (+14.2% indicative takeover offer received from Perpetual but rejected by PDL Board as "significantly undervalued the company") and Goodman Group (GMG +4.7%). Detractors were mainly in the Resources area - BHP (-7.2%), Nine Entertainment (NEC -9.4%) and Oz Minerals (OZL -6.3%).

One of our new holdings we commented last month was Homeco Daily Needs (HDN), which came through a merger with our holding in Adventus (AVN). The highly regarded CEO of AVN was appointed the CEO of the merged group (trading as HDN) which we looked upon favourably. However, to our surprise, CEO retired soon after the merger in early May. The usual official line of "spending time with family" has left many ex AVN shareholders bewildered and disappointed. We just wonder about the "culture fit" when two organisations come together despite what spreadsheet might tell us. Another one to watch would be Pental & Perpetual if the two decide to further explore the takeover offer. We are reminded once again not to underrate the "soft element" of any business.

Central banks' hawkish pivot and action sent jitters to all asset classes. The low risk-free rate environment in the past 10 years or so has increased the risk appetite of many investors (low cash return). Inflation fear and rate rise caused many assets to be re-priced. We have seen the Real Estate (REIT) sector adversely affected by some 19% from its recent high in January. Interest rate rise increases the cost of capital for any capital transaction, impacts cashflow from higher interest expense if the company debt is lowly hedged. Cost inflation is also a key concern for management if there is no mechanism to pass on the increase. Distribution yield of the sector is around 4.2% currently and trading at a discount to NAV. We remain selective - sticking with companies with sustainable dividend yield and medium-term capital growth.

Top Contributors (Absolute)	Sector
Amcor	Materials
Pental Group	Financials
Goodman Group	Real Estate

Top Detractors (Absolute)	Sector
BHP	Materials
Nine Entertainment Group	Communication Services
Oz Minerals	Materials

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

Contact details:

Andrew Russell - Director, Investor Relations
arussell@primevalue.com.au

Daniel Leong - Director, Investor Relations
daniel.leong@primevalue.com.au

Phone: 03 9098 8088

Email: info@primevalue.com.au

Mail:

Prime Value Asset Management Ltd
 Level 9, 34 Queen Street

Melbourne VIC 3000

Web: www.primevalue.com.au

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.