Prime Value
Equity Income (Imputation) Fund – July 2022

- July saw a rebound in global equity markets, driven by a positive US reporting season and a paring back of interest rate hike expectations.
- The Australian share market rose by 5.9%, alongside its global peers. IT and REITs, being highly interest rate sensitive, rose the most.
- Fund returned 6.7% for the month, outperformed its benchmark.

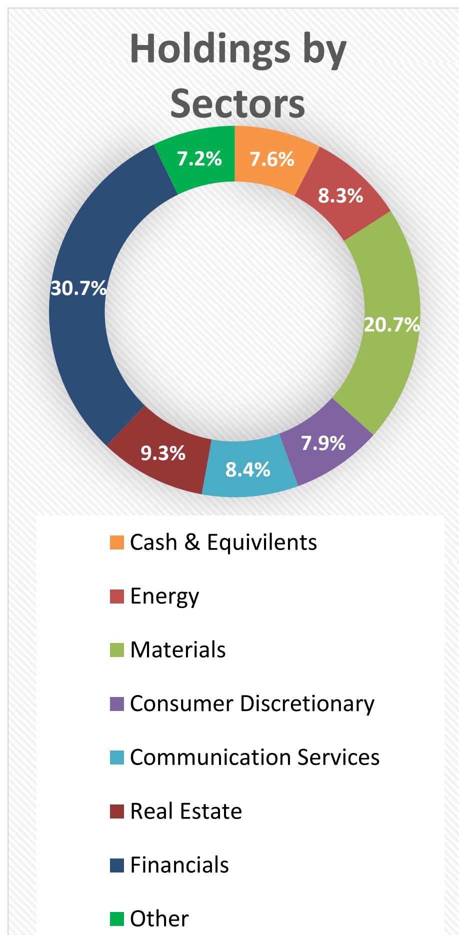
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.7%	4.5%	5.2%	11.8%	8.0%
10 Years (p.a.)	7.0%	2.4%	4.6%	9.2%	9.4%
5 Years (p.a.)	5.8%	0.6%	5.1%	8.2%	8.1%
3 Years (p.a.)	3.3%	-1.6%	4.9%	5.6%	4.4%
2 Years (p.a.)	14.6%	8.6%	5.9%	17.5%	12.3%
1 Year	-2.9%	-10.1%	7.3%	0.6%	-2.3%
3 Months	-7.4%	-10.6%	3.2%	-6.7%	-6.2%
1 Month	6.7%	6.7%	0.0%	6.7%	6.0%

* 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 Australia Bank	Financials
Wesfarmers Limited	Consumer Discretionary

The top five holdings make up approximately 33% 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



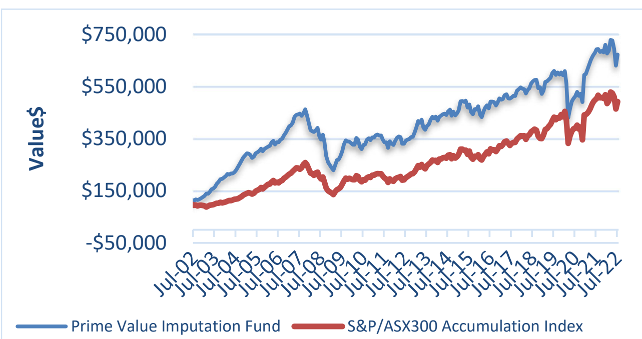
Market review

Global equities rebounded in July, driven by a positive US reporting season and US GDP contraction, which softened investor expectations of the steepness of future interest rate hikes. The MSCI Developed Markets Index rose (+8.0%), driven by a strong month for the S&P 500 Index (+9.2%). European markets saw gains ranging from mid to high single digits, while the UK was up +4% and is the only share market with positive returns calendar year to date. Asian markets were mixed with Japan and South Korea up +5% each, but Hong Kong and China down -8% and -4%.

The RBA raised the cash rate by 50bps to 1.35% at its July meeting, as widely expected. Australian 10-year bond yields moved down 60bps across July to 3.06%, on the back of US 10-year bond yields falling 33bps to 2.64%, as the second quarter GDP decline moderated inflationary fears.

Commodity prices broadly fell in July. Brent Oil prices declined US$5 to US$110/bbl as bans on Russian shipments were delayed. Iron Ore prices also dropped US$5 down to US$118/Mt as Brazilian shipments hit record highs and demand remained soft. Gold fell by US$60 to US$1,753, as moderating inflation expectations saw investor risk sentiment rise.

Australian stocks rose in July as part of a global equities rally. The ASX300 Accumulation Index was up 5.9%, recouping just over 80% of the decline in June. The rise in equities was supported by a decline in bond yields as slowing GDP growth led interest rate markets to pare back expectations for interest rate hikes. All sectors bar Materials (-0.7%) were positive in the month with Info Tech (+15.2%) and Real Estate (+12.1%) increasing the most. Size favoured small, over large and mid cap indices, with the Small Ords Index posting a 11.4% rebound in the month. Industrials outperformed Resources, with the spread greatest within the large cap stocks.



This graph shows how $100,000 invested at the Fund's inception has increased to $672,300 (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 $491.600 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	$ 2.4887	$ 2.4900
Withdrawal price	$ 2.4669	$ 2.4712
Distribution (30/06/2022)	$ 0.0823	$ 0.0838
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

Headlines such as inflation, interest rate hikes, falling house prices dominated news reports in the month of July. The Fund returned 6.7%, outperformed its benchmark. Holdings in the Resource sector were the main detractors. Prices of BHP (-6.2%) and RIO (-4.7%) went backwards driven by a decline in commodity prices as investors responded to data signalling an increasing risk of a US recession. Sentiment towards China property market was equally negative. RIO reported close to month end, delivering a lower than expected dividend. They cited "The economic outlook is weakening due to the Russia-Ukraine war, tighter monetary policy to curb rising inflation, and targeted COVID-19 restrictions in China". Whilst we understand this more conservative approach, it is nevertheless disappointing in view of their strong balance sheet and cashflow. We take comfort in their comment that "The intention is that the balance between the interim and final dividend be weighted to the final dividend". We would monitor how these big miners (including BHP) work out their capital allocation strategy in this less certain environment. Contributors for the month were Macquarie group (MQG +10.1%), CBA (+11.5%) and Data3 (DTL +33.2% rebound from low in June sell-off)

The RBA had been most aggressive in this tightening cycle compared with previous cycles. We had already witnessed some PE (valuation) derating especially the highly-valued growth names over the last few months. The upcoming August reporting season will likely again highlight the cost pressure companies are facing. The focus will be on earnings resilience. How do companies protect and grow margins with cost pressure rises? This may also impact company dividend payout ratio in the midst of the global economic uncertainty. Outlook statements will be keenly watched.

Top Contributors (Absolute)	Sector
Macquarie Group	Financials
Commonwealth Bank	Financials
Data#3	Information Technology

Top Detractors (Absolute)	Sector
BHP	Materials
Newcrest Mining	Materials
Rio Tinto	Materials

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

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