Prime Value
Equity Income (Imputation) Fund – August 2022

- Global share markets started the month on a positive note, but sentiment abated through the month on hawkish US Federal Reserve statements.
- The Australian share market rose by 1.2% boosted by a better-than-expected August reporting season highlighting profit margins had remained robust and balance sheets healthy.
- Fund returned 2.0% for the month, outperformed its benchmark.

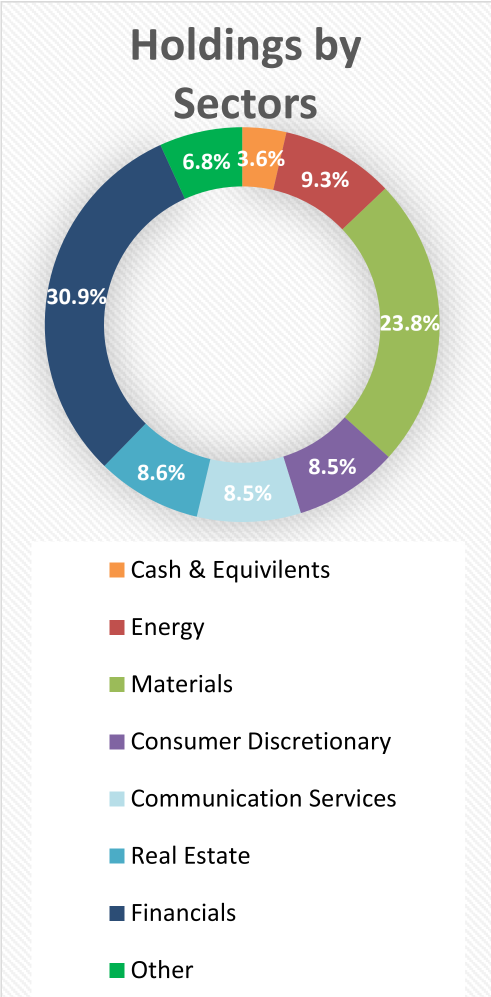
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.7%	4.6%	5.2%	11.8%	8.0%
10 Years (p.a.)	7.1%	2.5%	4.6%	9.3%	9.3%
5 Years (p.a.)	5.9%	0.8%	5.1%	8.3%	8.2%
3 Years (p.a.)	4.9%	-0.1%	5.0%	7.3%	5.6%
2 Years (p.a.)	13.8%	7.9%	5.9%	16.7%	11.3%
1 Year	-1.1%	-8.5%	7.4%	2.4%	-3.7%
3 Months	-1.1%	-4.5%	3.4%	-0.4%	-2.4%
1 Month	2.0%	2.0%	0.0%	2.0%	1.2%

* 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 Group	Materials
Macquarie Group	Financials
Commonwealth Bank	Financial
National Australia Bank	Financials
Woodside Energy	Energy

The top five holdings make up approximately 34% 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

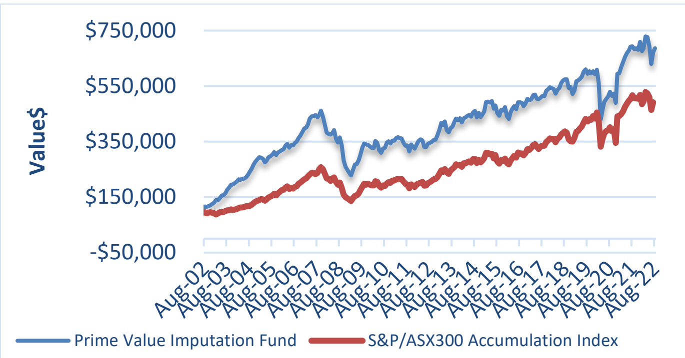
Global equities struggled in August, following a positive July, as hawkish commentary from the US Federal Reserve's annual Jackson Hole symposium softened investor sentiment. The MSCI Developed Markets Index fell (-3.4%), with the S&P 500 Index also losing ground, dropping (-4.1%). The FTSE 100 Index was softer, by 1.1% for the month, but the Nikkei and Australian share markets posted positive returns in August.

The RBA's August meeting saw the central bank raise the cash rate by 50bps again, to 1.85%, as widely expected. This rate hike saw the Australian 10-year yields sold-off 54bps across August to 3.60%. US yields also sold-off materially by 52bps to 3.13%, off the back of hawkish commentary from Federal Reserve Chair Jerome Powell at the Fed's annual symposium in Jackson Hole.

Brent Oil fell below US$100/bbl at the end of August, following the de-escalation in Iraq. Gold has been facing pressure from a stronger US dollar, higher real rates, and the market anticipating further policy tightening.

The ASX300 Accumulation Index rose 1.2% in August. Despite downbeat headlines and volatile markets, Australian companies reported strong profits in FY22. The median company beat consensus at the half-yearly NPAT line by +0.7%. Although the number companies giving forward earnings guidance had declined relative to previous years, the ratio was still reasonably high. Where earnings guidance was offered, it led to more downgrades than upgrades by analysts—although we observe such revisions tend to reference sell-side analysts 'catching up' to more realistic corporate conditions.

Mid-caps were favoured during the month, outperforming both large and small cap indices. On a sector basis, Energy (+7.8%) was the strongest performer, while Materials (+4.4%), and Communication Services (+2.5%) also outperformed in Australia. The REITs (-3.5%), Consumer Staples (-1.8%) and IT (-1.6%) sectors were the worst performers



This graph shows how $100,000 invested at the Fund's inception has increased to $685,800 (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 $497,400 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	$ 25385	$ 2.5402
Withdrawal price	$ 2.5193	$ 2.5210
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

August has been an eventful month with companies reporting their FY22 results and the central banks hawkish messaging. The reporting of past results was largely as per expectation. The big positive reaction to technology names were mainly due to low expectation going into the results plus the prior sell-off. The future-looking market was more interested in any forward-looking statements which proved to be a touch disappointing, though understandable. Cost pressure (labor, input cost) continues to be the culprit for earning downgrades. Consumer demand (holding up for now) remains unclear as rapid interest rate rises, living costs increases and house prices can dampen consumer confidence. On the positive side, employment data remains strong which is positive especially for the upcoming important gifting festive season.

The Fund returned 2.0% for the month of August, outperformed its benchmark. Key Contributors were Oz Minerals (OZL +36.2% indicative proposal received from BHP and rejected by the Board. We believe OZL offers BHP several strategic options including sizable exposure to copper and nickel, both critical for batteries needed for electric vehicles, and opportunities to create significant efficiencies in its Australian copper resources base.), BHP (+4.9%) and Woodside (+7.1%). Detractors were Navigator (NGI -15.6% dividend policy changed), CBA (-3.2%) and Newcrest (NCM -8.1%). We paid particular attention to any change of dividend policy or outlook. Major resource companies such as BHP and Woodside have rewarded their shareholders with high dividends reflecting high commodity prices and supernormal profits. However, we note the increase growth capex requirements, M&A activities plus the uncertainty in global outlook has led to some fall in the payout ratio.

Forecast FY23 EPS for the market has been revised downwards partly reflecting cost pressures and lower commodity prices. We continue to hold a balanced portfolio and make adjustment as required.

Top Contributors (Absolute)	Sector
Macquarie Group	Materials
BHP	Materials
Woodside	Energy

Top Detractors (Absolute)	Sector
Navigator Global Investments	Financials
Commonwealth Bank	Financials
Newcrest Mining	Materials

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

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