Prime Value
Equity Income (Imputation) Fund – September 2022

- Equity markets fell broadly with the steep rise in US bond yields being the key catalyst.
- The Australian share market fell by 6.3% during the month. However, the ASX posted a large rebound in early October as the RBA raised interest rates by a lower-than-expected 25 basis points.
- The Fund distributed 2 cents per unit for the September Quarter. Total return was 2%, outperformed its benchmark.

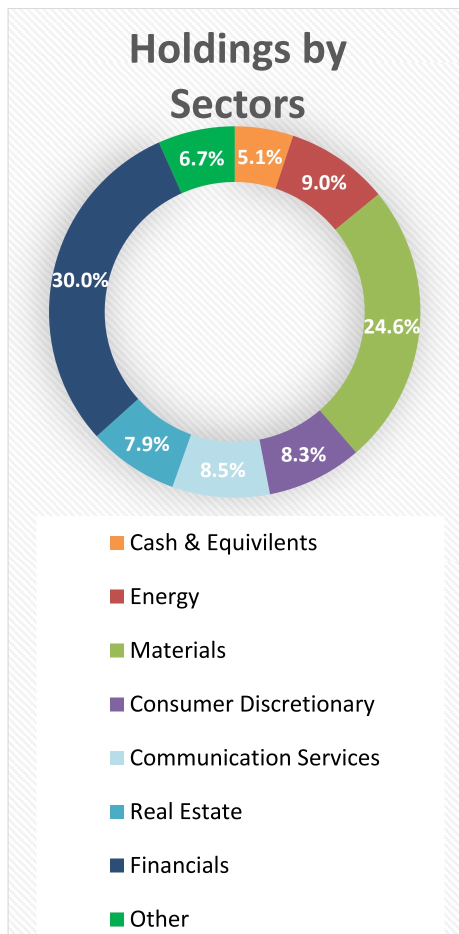
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.3%	4.2%	5.2%	11.4%	7.7%
10 Years (p.a.)	6.3%	1.8%	4.5%	8.4%	8.4%
5 Years (p.a.)	4.6%	-0.5%	5.1%	6.8%	6.8%
3 Years (p.a.)	2.1%	-2.8%	4.9%	4.2%	2.7%
2 Years (p.a.)	11.8%	5.9%	5.9%	14.3%	9.7%
1 Year	-5.8%	-13.0%	7.1%	-2.7%	-8.0%
3 Months	2.0%	1.1%	0.9%	2.0%	0.5%
1 Month	-6.3%	-7.1%	0.8%	-6.3%	-6.3%

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

The top five holdings make up approximately 33.6% 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



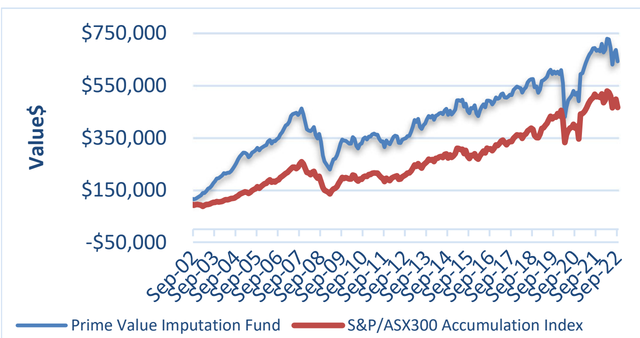
Market review

Equities struggled in September, following a soft end to the preceding month, on the back of global recession fears and an increasingly hawkish US Federal Reserve. The key market driver of the equity sell off had been US bond yields rising by 67bps to 3.80%. Indicators such as the US August PMI were stronger than investors' expectations and laid further groundwork for the expected policy response from the US Federal Reserve. The MSCI Developed Markets Index fell (-8.3%), and the S&P500 Index lost ground, dropping (-9.2%) in local currency terms. European and Japanese markets performed relatively better with the FTSE100 and Nikkei 225 indices falling 5.2% and 6.9% respectively in local currency terms.

The RBA's September meeting saw the cash rate move up by 50bps again, to 2.35%, as almost unanimously expected. This rate hike saw the Australian 10-year bond yields sell-off 29bps across September to 3.89%.

Brent oil stayed below US$100/bbl amid deteriorating demand outlooks, but Brent price was little changed during the month as the market anticipates an OPEC+ decision on production cuts amid deteriorating demand outlooks. It's been a choppy time for gold lately, with prices fluctuating around US$1,700. Key macro factors that typically drive the price of gold are all currently negative – the US dollar is strong, real rates are positive and near the highs, and the US Federal Reserve remains hawkish.

The ASX300 Accumulation Index fell 6.3% in September. All sectors fell in the month. Materials (-2.3%) and Energy (-3.8%) fell least while Utilities (-13.8%) and Real Estate (-13.6%) fell most due to valuation sensitivities to higher bond yields. Large caps were favoured, outperforming both mid and small cap indices. Resources outperformed Industrials across the larger size indices, while Small Resources (-13.5%) underperformed Small Industrials Index (-10.5%). The rise in real yields also explains much of the variance in sector returns. The 5.4% outperformance of Resources vs All Industrials occurred because a rise in real yields is a greater valuation headwind for Industrials.



This graph shows how $100,000 invested at the Fund's inception has increased to $642,300 (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 $466,100 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	$ 2.3575	$ 2.3581
Withdrawal price	$ 2.3397	$ 2.3403
Distribution (30/09/2022)	$ 0.0200	$ 0.0214
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 -6.3% for the month of September, broadly in-line with the market. A rise in real yields was the key driver of the equity sell-off. For the Quarter, Fund returned 2.0%, outperformed its benchmark of 0.5% return. Quarterly distribution of 2 cents per unit was declared and paid in early October. Contributors for the month were Mineral Resources (MIN +2.8%), Data3 (DTL +1.8%) and Oz Minerals (OZL +0.2%). Detractors were the high beta, long duration names such Macquarie Group (MQG -13.8%) and Goodman Group (GMG -19.8%).

Mineral Resources (MIN) has demonstrated a long track record of building shareholder value and continues to own undervalued assets within its portfolio. For context, Mineral Resources owns 40% of the Wodgina Mine, 50% of the Mt Marion Mine and 40% of the Kemerton lithium hydroxide converter in WA. The Australian Financial Review carried an article suggesting that MIN was considering a spin-off of its lithium assets. The significance of a lithium assets spin-off is two-fold: First, should a spin-off lead to a listing in the US stock market, MIN should benefit from a better look through valuation of its assets. We observe that valuation multiples of US listed lithium companies such as Ablemarle are more than double MIN's current multiple. Second, cash raised from a sale of assets is likely to be directed towards other opportunities including the expansion of planned iron ore mines.

We note the current Treasury's draft legislation on Franked Distribution and Capital Raising (different from the 2018 proposal) is being consulted and discussed. If implemented, it might impact "capital management" activities undertaken by companies. We continue to monitor the discussion and manage the portfolio with both dividend and medium-term capital growth in mind.

Top Contributors (Absolute)	Sector
Mineral Resources	Materials
Data3	Information Technology
Oz Minerals	Materials

Top Detractors (Absolute)	Sector
Macquarie Group	Financials
Goodman Group	Real Estate
CBA	Financials

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