Prime Value
Equity Income (Imputation) Fund – December 2022

- A soft end to the year in December, in year where most asset classes, including bonds and shares, fell.
- The Australian share market fell 3.3% in December but a modest 1.8% (including dividends) in 2022. Better performing resources and banks stocks, and a high dividend yield, helped offset declines elsewhere in 2022.
- The Fund returned 11.5% for the first 6 months of FY23, outperformed its benchmark.
- The Fund also distributed 2 cents per unit in the September and December quarters.

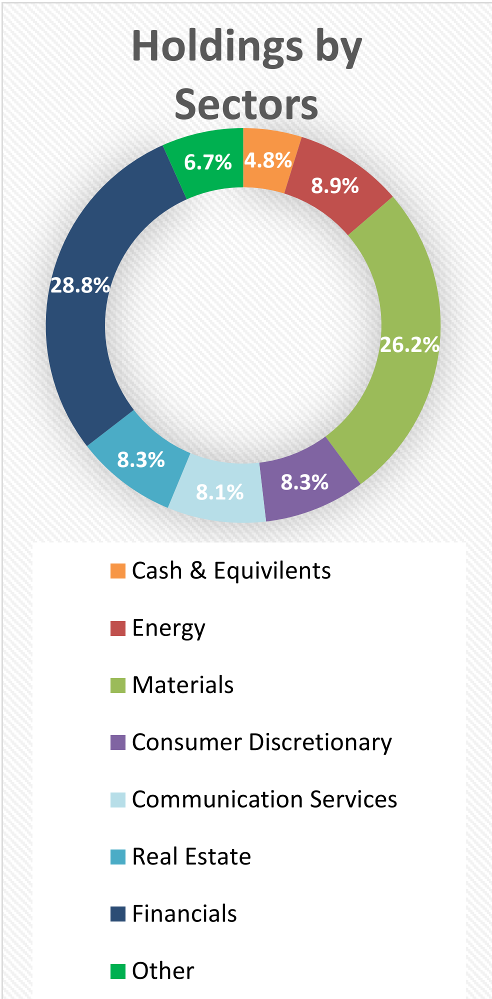
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.7%	4.5%	5.1%	11.8%	8.0%
10 Years (p.a.)	6.5%	2.0%	4.5%	8.7%	8.6%
5 Years (p.a.)	5.2%	0.1%	5.1%	7.6%	7.1%
3 Years (p.a.)	5.8%	0.7%	5.1%	8.3%	5.5%
2 Years (p.a.)	8.7%	2.9%	5.9%	11.7%	7.5%
1 Year	-1.0%	-7.9%	6.9%	2.2%	-1.8%
3 Months	9.3%	8.5%	0.8%	9.9%	9.1%
1 Month	-3.0%	-3.7%	0.8%	-2.5%	-3.3%

* 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 35% 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

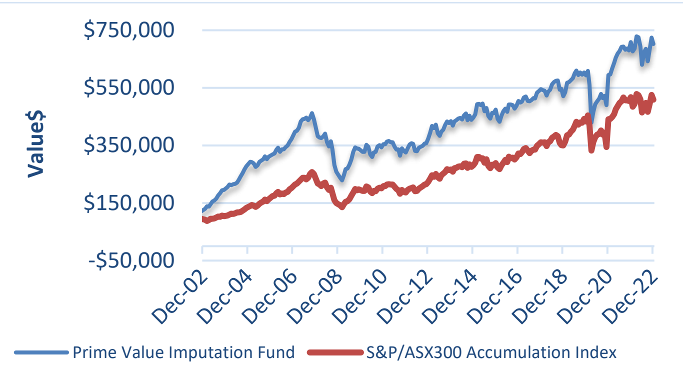


Market review

As expected, market liquidity in December was thin, with large option-related flows playing a dominant role and pinning the US market (S&P 500 Index) around the 3800 level. But notwithstanding these influences, equities weakened in December. Emerging markets (EMs) outperformed developed markets (DMs), with Chinese re-opening efforts and a subdued US Dollar supporting EM equities and non-oil commodity prices. Evidence of slowing activity growth, especially in the US housing market, weighed on the earnings outlook for DM equities and oil prices.

During the month the Australian 10-year bond yield increased by 52bps, whilst the Australian Dollar appreciated 1.3% against the US Dollar. The RBA lifted the cash rate by 25bps to 3.10% in December.

The ASX300 Index declined 6.0% in 2022. When you add dividends, the decline in the ASX300 Index was a more modest 1.8%. The returns for Australian equities were significantly better than US equities, where the S&P500 price index fell 19.4%. Including dividends, the S&P500 fell 18.1% in CY22. The small decline in Australian stocks was due to the fall in PEs as real bond yields rose. Aggregate earnings for Australian equities rose over 20% in 2022, but the fall in PEs was larger and also more than offset the 4.3% dividend yield. Over the last 10 years, Australian equities have returned 8.6% with just over half coming from dividend yields. Australian stocks also outperformed in December, with the ASX300 Index down 3.3%, less than the 5.9% decline in US equities. The relatively good returns for Australian equities were driven by higher exposure to Banks and Resources, plus a lower exposure to Technology relative to the S&P500 Index.



This graph shows how $100,000 invested at the Fund's inception has increased to $702,300 (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 $508,700 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	$ 2.5557	$ 2.5585
Withdrawal price	$ 2.5383	$ 2.5392
Distribution (31/12/2022)	$ 0.0200	$ 0.0210
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 -2.9% for the month of December or 11.5% for the first 6 months of FY23. This compared favorably with its benchmark. When including franking, the 6-monthly return was 12.8%. The Fund also distributed 2 cents per unit in the September and December quarters.

During the 6 months, Fund benefited from our resources holdings in Oz Minerals (OZL) and Mineral Resources (MIN). Our investment in OZL dated back to 2019 with the entry price of under $10. We were attracted to its producing assets, solid management team plus a strong pipeline of growth projects. This was not a short term "hot stock", consistent with our investment philosophy. OZL signed the Scheme of Implementation Deed with BHP just before Christmas with the "final" takeover cash price of $28.25. The company aims to distribute some franked dividend as part of this consideration. We will need to hold this name till final settlement in order to capture the benefit of the franked dividend for this Fund. Our latest investment in MIN dated back to 2021 as we recognized the potential upside from its lithium assets (Electric Vehicle / battery thematic) plus its solid iron ore production and the mining services business. We continue to assess our holding as the company evolves.

Australia market is trading at PE of 14.5X, in-line with long-term average, not overly expensive – of course it depends on the "E". Central Bankers continue to balance growth and inflation in their deliberation. We also cannot discount the usual geopolitical wildcards. Despite the share market volatility over the recent years, dividend income has been relatively stable. We remain cautious and continue to hold a balanced portfolio aiming for good income plus growth over time.

Top Contributors (Absolute)	Sector
RIO	Materials
Newcrest	Materials
Oz Minerals	Materials

Top Detractors (Absolute)	Sector
Macquarie Group	Financials
CBA	Financials
NAB	Financials

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

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