Prime Value
Equity Income (Imputation) Fund – February 2023

- Shares were generally weaker in February as investors weighed companies profit reports that indicated tougher economic conditions, although a substantial portion of that expectation have been factored into share prices.
- The ASX300 Accumulation Index fell 2.6%. Performances of resources companies were wound back as exuberance over China's re-opening waned.
- The fund returned -2.5% for the month of February, broadly in line with its benchmark.

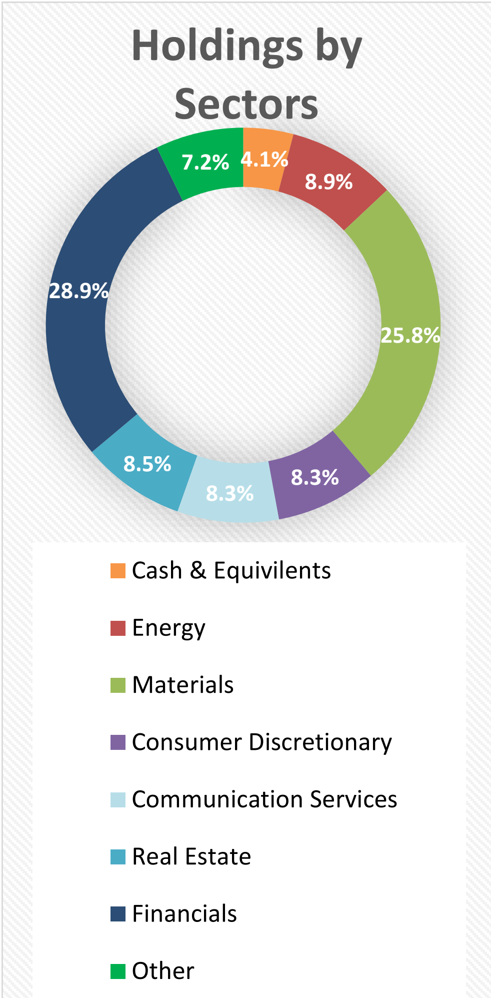
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.8%	4.7%	5.1%	11.9%	8.1%
20 Years (p.a.)	8.6%	4.1%	4.5%	10.7%	9.4%
10 Years (p.a.)	5.7%	1.2%	4.5%	7.9%	7.9%
5 Years (p.a.)	6.2%	1.0%	5.2%	8.6%	10.1%
3 Years (p.a.)	9.1%	3.9%	5.2%	11.7%	7.9%
1 Year	5.9%	-1.5%	7.4%	9.4%	6.5%
3 Months	0.5%	-0.3%	0.8%	0.9%	0.2%
1 Month	-2.6%	-2.6%	-	-2.6%	-2.5%

* 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 34.8% 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



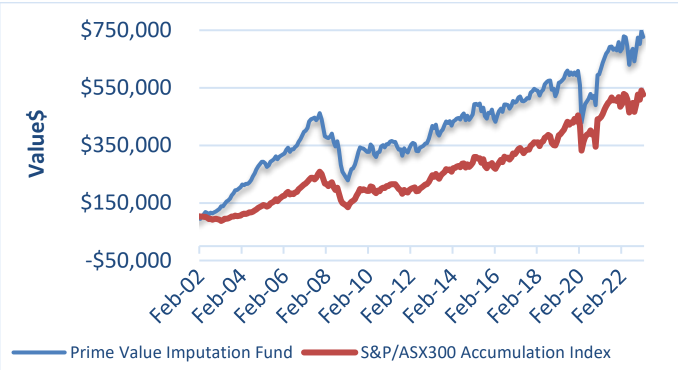
Market review

February was a weak month for equities, as company results illustrated declining earnings momentum. The MSCI Developed Markets Index fell (-1.5%), and the S&P500 Index also lost momentum (-2.4%) in local currency terms. Emerging markets underperformed Developed Markets, falling (-4.3%) across the month.

The RBA began the month with a more hawkish tone outlining their intention to take interest rates further. Australian 10-year bonds fell in reaction to tightening monetary policy, with yields rising 30bps to 3.86%. US 10-year bonds also fell with yields rising 39bps to 3.92%, in reaction to stronger than expected economic data.

Commodity prices generally weakened in February, driven by the strength of the US Dollar amid higher than-expected inflation statistics. Precious metals retraced on higher interest rates, with gold falling -5.2% to US$1,828/oz. Oil prices were fairly steady, with brent down less than 1% to US$83.89/bbl.

Following a positive start to calendar year 2023, the ASX retraced some of January's gains to close lower in February by -2.6%. Materials and Financial stocks dragged index returns lower. Within Financials however, Insurers were a bright spot assisted by strong performances from QBE and Medibank. Large caps were a drag on index performance with BHP the largest single stock detractor followed by the Banks (these were strong performers in 2022). Reporting season was a focus in February when companies reported their financial results for the 6 months ending December 2022. Earnings per share beats were only slightly ahead of misses and guidance statements were on balance negative. Some retailers reported slower sales growth in the new year but in aggregate there was not clear evidence of a sharp and broad-based slowing in consumer spending.



This graph shows how $100,000 invested at the Fund's inception has increased to $727,200 (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 $526,900 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	$ 2.6485	$ 2.6503
Withdrawal price	$ 2.6285	$ 2.6303
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 -2.6%, in line with its benchmark. Mining stocks declined 7.5%, the main contributors for the negative return as the Fed articulated a more hawkish stand and investors rotated away from resources after concerns over falling spot prices. The Central banks' stand impacted overall asset valuation. Main contributors to performance were Ampol (ALD +8.1%, declared special dividend), Telstra (TLS +1.9%) and Seven (SVW +7.9%). Detractors were BHP (-8.5%), CBA (-8.5%) and Harvey Norman (HVN -13.8%, slower trading data in January).

The overall reported half-yearly results were marred by higher-than-average number of profit misses and FY consensus estimate downgrades after companies flagged a more challenging second Half. On balance, whilst companies can maintain revenues, the challenge is margin as they navigate through rising cost, inflationary pressures (which is quite a new phenomenon to many companies which are so used to a low inflationary environment in past decade). Jan-Feb trading updates highlighted some change in spending patterns away from big-ticket items and more towards necessities. We might continue to see the change in consumer behaviour as many face higher mortgage repayments and higher cost of living for the first time.

In terms of direction of dividends, we note both BHP and RIO have flagged their intention to invest in "growth". BHP continues to move to "future-facing" commodities, investing through technology. This plus pending acquisition of Oz Minerals (OZL) means they are likely to be more conservative in their short-term dividend payout. RIO similarly did not declare any "special" dividend as they position themselves for growth (including potential M&A), hence we expect cash return to be more modest going forward from the big miners. Corporate action re "off-market" buybacks etc with big distribution of dividends had been lean as companies await outcome of government policy proposal on buyback/equity issue currently being debated.

Top Contributors (Absolute)	Sector
Ampol	Energy
Telstra	Communication
Seven Group	Industrials

Top Detractors (Absolute)	Sector
BHP	Materials
CBA	Financials
Harvey Norman	Consumer Discretionary

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

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