Prime Value
Equity Income (Imputation) Fund – July 2023

- Global share markets rose in July buoyed by optimism of interest rate cycles appear closer to a peak.
- The ASX300 Accumulation Index gained 2.9% in July, rallying 5+% from the month's lows as investors became more optimistic of peak Australian interest rates and news flow relating to China's effort to stimulate its economy.
- Fund returned 3.4% for the month of July, outperformed its benchmark

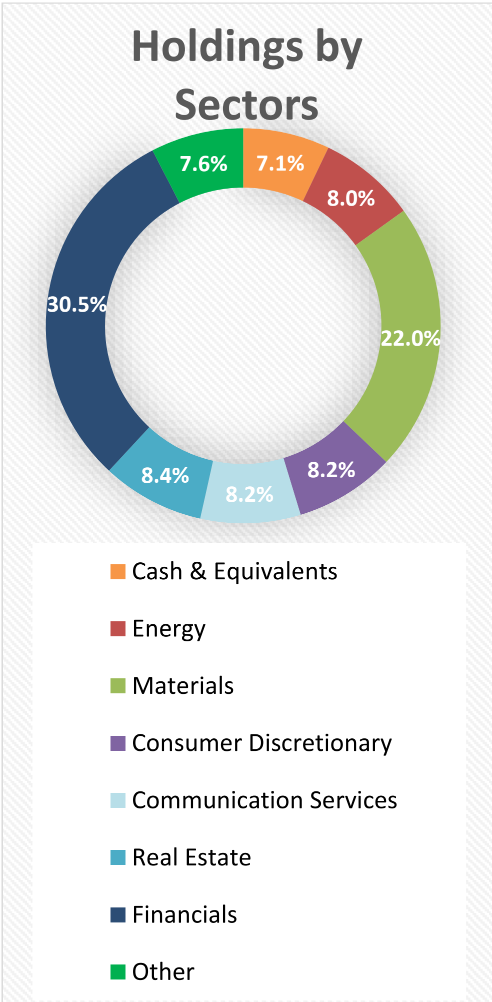
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.7%	4.6%	5.1%	11.9%	8.2%
20 Years (p.a.)	7.8%	4.5%	3.3%	10.0%	8.9%
10 Years (p.a.)	6.5%	2.0%	4.5%	8.8%	8.3%
5 Years (p.a.)	5.7%	0.5%	5.2%	8.1%	7.5%
3 Years (p.a.)	13.6%	8.2%	5.4%	16.3%	11.9%
1 Year	11.8%	7.5%	4.3%	14.0%	11.1%
3 Months	2.7%	1.1%	1.6%	3.1%	2.0%
1 Month	3.4%	3.4%	0.0%	3.4%	2.9%

* 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	Financials
National Australia Bank	Financials
Wesfarmers	Consumer Discretionary

The top five holdings make up approximately 33.9% 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



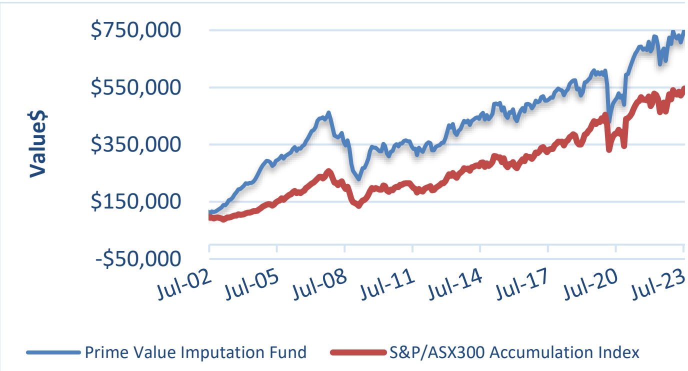
Market review

The MSCI Developed Markets Index rose (+2.9%) over July, while the S&P 500 Index also gained momentum (+3.2%) in local currency terms in a rebounding month for equities. The gains followed softer-than-expected inflation data in the US and Australia, which reduced the risk of further rate hikes.

Australian 10-year bonds sold off 3bps across July to 4.05%, remaining relatively unchanged after the RBA paused rate hikes at 4.10% in the July 23 meeting. US 10-year bonds also sold off, moving 14bps from 3.81% to 3.95%, on the continuation of the US Federal Reserve's hawkish tone, raising rates once again by 0.25% to 5.5%.

Commodity prices rose across the board over July. Brent Oil rose by US$10.09 to US$84.99/bbl, trading on tighter market fundamentals and improved US macroeconomic data. Iron Ore prices rose by US$1.00 to US$114.50/Mt on Chinese steel demand and iron ore supply rising seasonally. Gold prices held steady despite dollar fluctuations and uncertainty in interest rates, rising by US$42.00 to US$1,954.

The ASX300 Accumulation Index rallied off mid-month (reached on July 10) lows to close +2.9% higher. Except for the Staples and Health Care sectors, all sectors participated in the rally. Energy and Financials were the top two performing sectors for the month as well adding the most value to the broader market total returns, with the later contributing 135bp, largely through Banks' outperformance. Mid-caps stocks were preferred over small and large for month, led by Industrials stocks segment. With inflation slowing without any rise in unemployment (so far), investors are more hopeful of a soft economic landing and this supported the outperformance of cyclicals part of the market.



This graph shows how $100,000 invested at the Fund's inception has increased to $751,500 (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 $546,200 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	$ 2.6744	$ 2.6771
Withdrawal price	$ 2.6542	$ 2.6569
Distribution (30/06/2023)	$ 0.0399	$ 0.0399
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 3.4% in the first month of the new financial year. The market was buoyant, partly driven by the improving inflation data and the likelihood of seeing the end of interest rate rise. Energy names performed well on the back of rally in energy prices (trading on tighter market fundamentals and improved US macroeconomic data). Contributors were Woodside (+10.3%), NAB (+7.7%) and CBA (+5.4%). Detractors were Macquarie Group (MQG -1.5%), Woolworths (WOW -2.8%) and Telstra (TLS -0.9%). MQG held their AGM during the month and provided a soft June Quarter update. Both commodities income (lower volatility) and investment-related income (poor environment for deal flow) were guided lower. These will be the areas to watch for MQG to meet their FY24 forecast.

August is when many companies reporting their half-yearly results. From the overall market perspective, the big miners are expected to have lower earnings due to softer commodity prices (ie lower dividends). CBA is the only Big-4 bank reporting whereas others will provide trade updates. The pressure on net interest margin and the lack of credit growth had been weighing on the sector. We also need to monitor any deterioration in the bad debt cycle.

FY24 Earnings forecast has been revising down over the last few months as the impact of rate rises, mortgage stress and cost of living pressure started to hit consumer confidence. The forward-looking market will focus on the management outlook statement given the tougher macro backdrop. We do not expect company management to be overly bullish this early in the new year given the economic and global growth

Top Contributors (Absolute)	Sector
Woodside	Energy
NAB	Financials
CBA	Financials

Top Detractors (Absolute)	Sector
Macquarie Group	Financials
Woolworths	Consumer
Telstra	Communication

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

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