Prime Value
Equity Income (Imputation) Fund – August 2023

- Soft Chinese economic conditions led to broad based weakness in global shares in August.
- The ASX300 Accumulation Index fell 0.7% in August, rallying from intra month lows again as investors weighed information pertaining to corporate results, soft Chinese economic data and better-than-expected inflation numbers.
- Fund returned 0.4% for the month of August, outperformed its benchmark

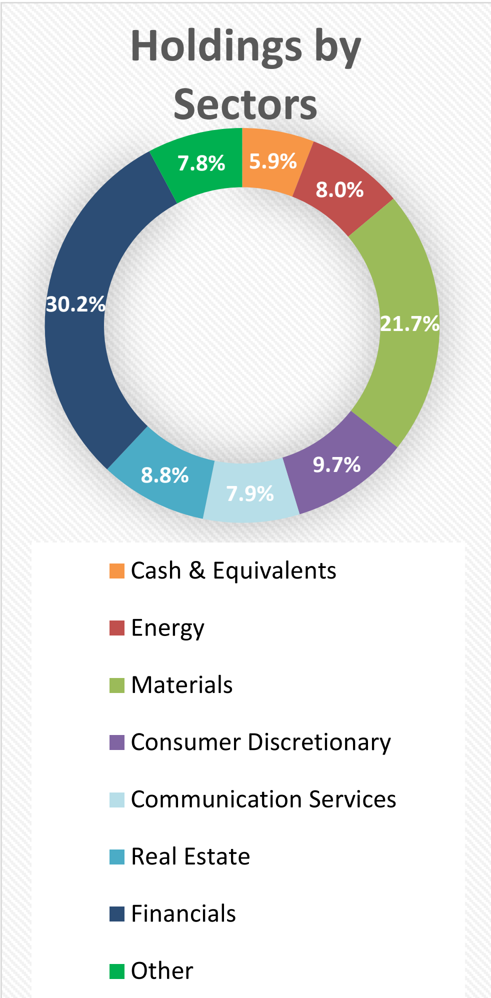
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.7%	4.6%	5.1%	11.9%	8.1%
20 Years (p.a.)	7.5%	4.5%	3.0%	9.6%	8.7%
10 Years (p.a.)	6.4%	1.9%	4.5%	8.7%	7.9%
5 Years (p.a.)	5.6%	0.4%	5.2%	8.1%	7.0%
3 Years (p.a.)	12.5%	7.2%	5.3%	15.2%	10.5%
1 Year	10.0%	5.8%	4.2%	12.3%	9.0%
3 Months	6.6%	5.0%	1.6%	7.1%	3.9%
1 Month	0.4%	0.4%	0.0%	0.4%	-0.7%

* 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	Financials
Wesfarmers	Consumer Discretionary
National Australia Bank	Financials

The top five holdings make up approximately 34.2% 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

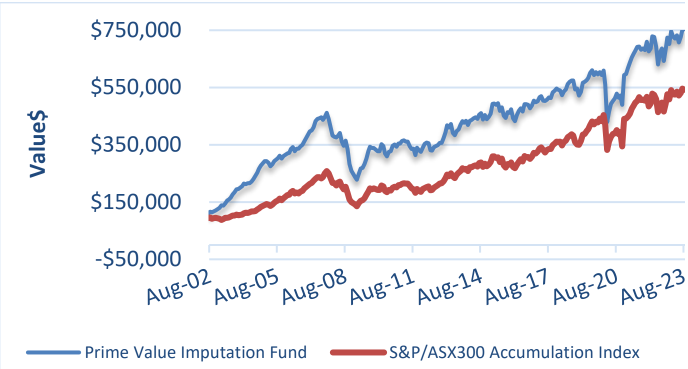


Market review

Global shares were broadly lower in August. The MSCI Developed Markets Index fell (-1.7%) over August, while the S&P500 Index also lost momentum (-1.6%) in a weak month for global equities. Emerging market equities were notably weak during the month with the MSCI Asia ex Japan Index declining 4.7%, largely led by broad-based declines in the Chinese stock market. The Chinese economy had weakened more than expected in recent months, raising concerns of structural issues inflicting the economy. The weak Chinese sentiment flowed over to weakness in Australian commodity related stocks and the Australian Dollar.

Australian 10-year yields fell 2 basis points across August to 4.03%, remaining relatively unchanged after the RBA continued the pause in rate hikes at 4.10% in its Aug-23 meeting. US 10-year bond yields also sold off, moving 14 basis points from 3.95% to 4.09%, on the continuation of the US Federal Reserve's hawkish tone. The strengthening US Dollar coupled with escalating long-end yields has put gold in a precarious position, leaving gold's slight recovery in late August at risk of being tested following US Federal Reserve's chairman Powell's speech at Jackson Hole. Oil prices remain near recent highs, supported by the large US crude oil inventory draw and concerns around Gabon's oil production following a military coup, although several producers have reported no impact on production.

The ASX300 Accumulation Index rallied off intra month lows again this month but did close 0.7% lower in August. The spark this month was the July headline CPI data that was surprising dovish and better than expected retail sales data. Discretionary, Real Estate and Energy were the notable sector leaders and contributors for the month, whilst Utilities, Staples and Technology sectors lagged. All Size biased indices closed lower, with small/mid-caps the worst performing. Industrials on average fared better than Resources. A-REITS (up +1.6%) were an outlier versus still elevated bond yields.



This graph shows how $100,000 invested at the Fund's inception has increased to $754,800 (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 $542,000 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	$ 2.6862	$ 2.6894
Withdrawal price	$ 2.6658	$ 2.6690
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 August result season is over and most fundies are still catching up on the deluge of information. Market reactions for the results had been particularly strong (good or bad) even for the big companies. Woolworths and Coles were up 3% and down 7% respectively on the day of the result. Consumer facing companies seemed continue to deliver but forward-looking guidance was scarce. Some of the key thematics from the result season included impact of rising interest rates on borrowing cost, labour shortage still a key challenge, consumers rather resilient (low unemployment), travel companies continue to benefit from sector tailwinds. Consensus earnings estimates for FY24 were revised down, now some -6% (resources the main culprit).

The Fund returned 0.4% for the month of August, outperformed its benchmark (-0.7%). Key contributors were Wesfarmers (WES +8.5%), Goodman Group (GMG +13.7%) and Harvey Norman (HVN +6.9%). Detractors were BHP -2.5%, Insignia (IFL -12.7%) and Telstra (TLS -5.8%). A key feature of the reporting season is the outperformance of the Discretionary sector (retail, travel, discretionary spend etc). The low expectations going into reporting meant much of the bad news had been factored in – hence the outperformance when actuals were not as bad or had been anticipated. Conversely, Defensive sector underperformed. GMG is particularly interesting as it continued to evolve over the last 25 years from having a few sheds to integrated warehousing to data centres. It is responding to the significant data centre opportunity with secured and potential power allocation of >3GW. They now represent 30% of WIP – a sizeable data centre business inside GMG, something worthwhile keeping an eye on.

This earnings season was slightly disappointing from a dividend perspective. Dividend boom (thanks to the strong commodity prices) in the past few years is fading (rising capex requirements and general uncertainties). Fewer companies than usual lifted their dividend. This Fund continues to seek out companies paying sustainable dividends and offering medium term growth prospects.

Top Contributors (Absolute)	Sector
Wesfarmers	Consumers
Goodman Group	Real Estate
Harvey Norman	Consumers

Top Detractors (Absolute)	Sector
BHP	Materials
Insignia	Financials
Telstra	Communication

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

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