Prime Value
Equity Income (Imputation) Fund – September 2023

- Higher bond yields, oil prices and sticky headline inflation data cumulatively resulted in markets cautiousness through September.
- The ASX300 Accumulation Index fell 2.9% in September with the energy sector outperforming against underperformance amongst longer duration stocks.
- Fund returned -2.1% for the month of September, but up by 1.7% for the Quarter

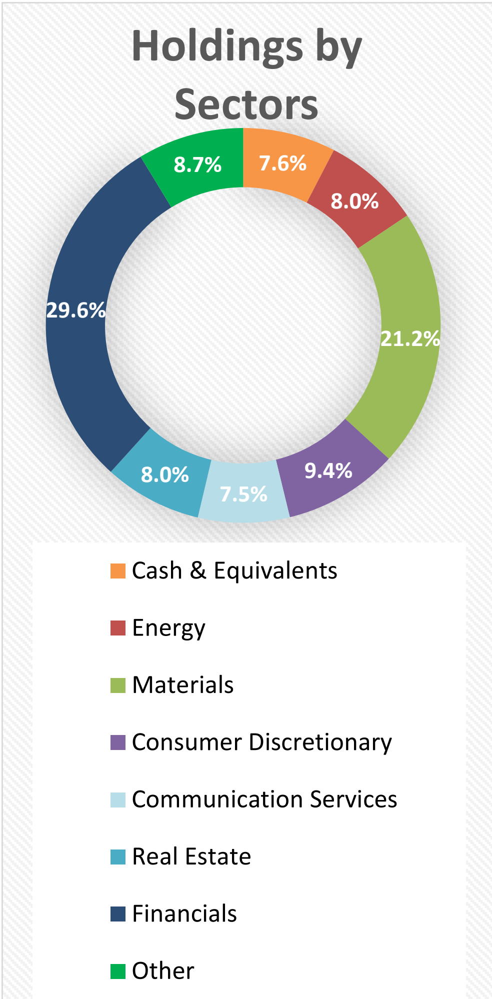
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.6%	4.5%	5.1%	11.7%	7.9%
20 Years (p.a.)	7.2%	4.2%	3.0%	9.3%	8.5%
10 Years (p.a.)	5.8%	1.3%	4.5%	8.0%	7.4%
5 Years (p.a.)	5.1%	0.0%	5.1%	7.6%	6.6%
3 Years (p.a.)	12.9%	7.5%	5.4%	15.6%	10.8%
1 Year	15.1%	10.8%	4.3%	17.2%	12.9%
3 Months	1.7%	0.9%	0.8%	2.3%	-0.8%
1 Month	-2.1%	-2.8%	0.7%	-1.5%	-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
Wesfarmers	Consumer Discretionary
National Australia Bank	Financials

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

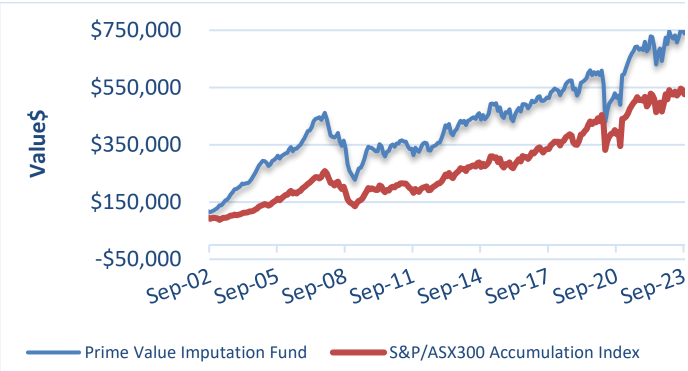


Market review

The MSCI Developed Markets Index fell (-3.7%) over September, while the S&P500 Index also lost momentum (-4.8%) in a weak month for equities. Declines were driven mainly by the rise in 10-year bond yields due to a mix of higher oil prices, an increase in headline inflation and an expectation that more US Federal Reserve rate hikes might be needed to contain inflation. Australian 10-year yields rose 46 basis points in September to 4.49%, reaching the strongest levels since Oct-2011. US 10-year yields also sold off, moving 49bps from 4.09% to 4.57%, on the continuation of the US Federal Reserve's hawkish tone despite holding in the September policy meeting.

Commodity prices were mixed over the month. Brent Oil rose by US $8.45 to US$95.31/bbl, on a resilient US economy and bullish demand sentiment around China over Golden Week holidays. Iron ore prices held steady, rising by US$2.00 to US$119.50/Mt, however depressed rebar prices and spreads signal softening steel demand by China. Gold prices fell on a stronger US Dollar, falling by US$71.80 to US$1,871.

The ASX300 Accumulation Index fell 2.9% in September and posted the first negative quarter since June 2022. Like the S&P500 Index, the ASX has posted two consecutive negative months. Compositionally, the mix was similar, with energy and insurance sectors outperforming, and growth sectors like technology and healthcare underperforming. Interestingly, Australian banks were among the outperformers whilst select mining stocks underperformed despite a recovery in iron ore prices on Chinese stimulus optimism. Resources on average outperformed Industrials, while large caps outperformed mid-and small-cap indices. We observe that the softer market performance follows lower market aggregate earnings emerging from the August results season with the lagged effects of monetary tightening coming into focus as the impact broadens out across key sectors.



This graph shows how $100,000 invested at the Fund's inception has increased to $739,100 (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 $526,300 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 (Ex)	$ 2.6115	$ 2.6138
Withdrawal price (Ex)	$ 2.5917	$ 2.5940
Distribution (30/09/2023)	$ 0.0190	$ 0.0202
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 -2.1% for the month of Sept, outperformed its benchmark. The Sept Quarter return was 1.7%, ahead of its benchmark. Cash of 1.9 cents per unit plus franking was distributed for the Quarter, yielding 1.4% including franking. Main contributors for the month of were Seven group (SVW +11.4%), Santos (STO +6.3%) and ANZ (+1.3%). Detractors were Macquarie group (MQG -5.5%), Goodman group (GMG -8.2%) and Waypoint REIT (-10.0%). It was a month where equity market rose and ebbed as it reacted to movement in bond yield. REITs were among the worst performers as "higher for longer" sentiment gained momentum.

Seven Group has largely remained under the radar, partly due to the relatively low liquidity of the stock. It's the quirk of indices that companies such as Seven are deemed as a small cap company mainly because of its low free float despite its large market capitalisation. For us, being benchmark agnostic, it meant an opportunity to invest in an undervalued company that has been significantly re-rated up since our initial investment. Seven consists of Caterpillar supplier WesTrac and equipment hire business Coates. Recent results point to both business doing well – margins are improving which indicates a strong ability to price well into markets where demand is high. The conglomerate also owns stakes in listed companies Boral (70%), Beach Energy (30%) and Seven West Media (40%), as well as unlisted energy, media and property holdings. Of these investments, it is the recently acquired 70% stake in Boral the most material in terms of value creation for Seven. We estimate Seven is trading on a PE multiple of 13.5x FY24 earnings, which is at a substantial discount to the ASX300 Index. The Fund has a small holding in this name as part of the portfolio aiming for medium-term growth.

Dividend boom in the past few years is fading partly due to higher capex requirements and general more subdued commodity prices. Recent government legislation discussion also deterred companies undertaking corporate actions. This Fund continues to seek out companies paying sustainable dividends and offering medium term growth prospects.

Top Contributors (Absolute)	Sector
Seven Group	Industrials
Santos	Energy
ANZ	Financials

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

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

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