Prime Value
Equity Income (Imputation) Fund – November 2023

- Equity markets rallied globally on lower inflation expectations with growing optimism that central banks may have seen peak interest rates.
- The ASX300 Accumulation Index rose 5.1% in November, with broad-based gains across most sectors except for the energy sector.
- Fund returned 4.1% for the month of November, a pleasing turnaround from the previous negative return month

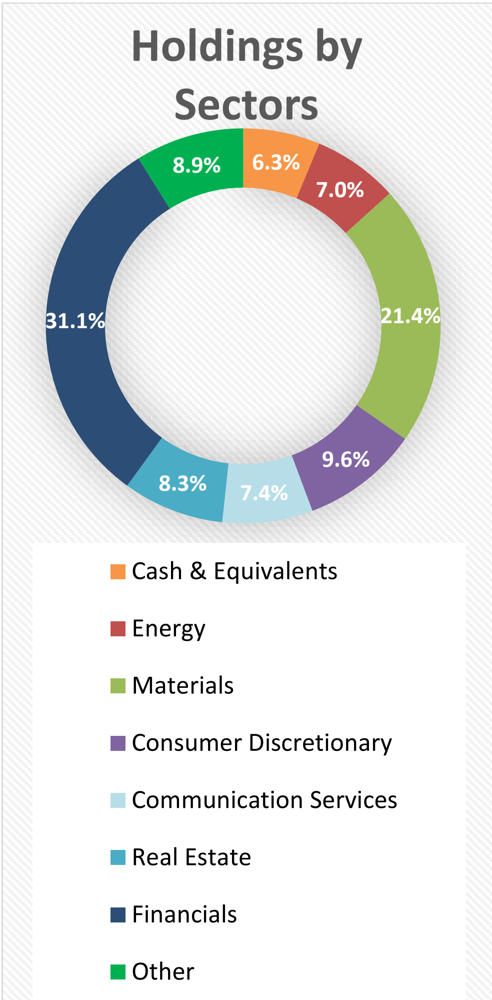
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.5%	4.5%	5.0%	11.7%	7.9%
20 Years (p.a.)	6.9%	4.1%	2.8%	9.0%	8.5%
10 Years (p.a.)	5.7%	1.2%	4.5%	7.9%	7.2%
5 Years (p.a.)	6.9%	1.6%	5.3%	9.4%	8.7%
3 Years (p.a.)	8.7%	3.5%	5.2%	11.3%	7.0%
1 Year	2.7%	-1.1%	3.8%	4.7%	1.1%
3 Months	-1.5%	-2.2%	0.7%	-0.9%	-1.8%
1 Month	4.1%	4.1%	0.0%	4.1%	5.1%

* 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 34.0% 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



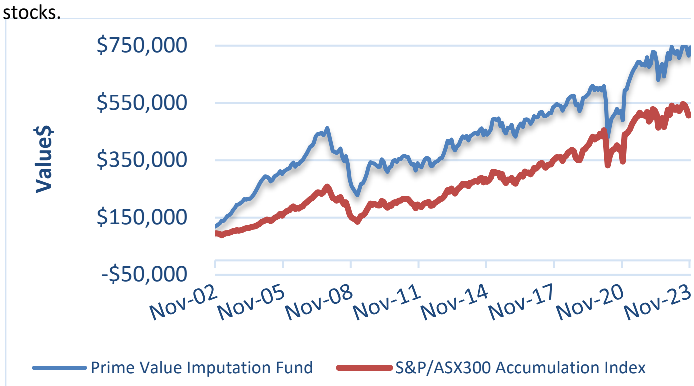
Market review

Global equity markets rallied in November, led by the U.S. (in local currency terms), with Australia participating well in the bounce. Lower inflation expectations with growing optimism that central banks may have seen peak interest rates. All three major U.S. stock indices ended November at least 8% higher, recovering from a three-month losing streak. The tech-heavy Nasdaq Composite Index led the way, ending the month up 10.7%. The S&P 500 Index gained 8.9% in November.

After peaking around 5% in mid-October, the US 10-year bond yield declined 54 bps drop in November. The rapid decline appears to be driven by softer economic data, renewed signs of slowing inflation, and some signs the US Federal Reserve may not just be on pause, but may cut interest rates in 2024. Australia's bond yields fell 52bps in November, similar to the drop in the US as the hawkish shift in rate expectations over recent months was partly reversed. Unlike developed world peers that are on hold, the RBA raised interest rates again in November.

Commodity prices were mixed in November. The iron ore price rose 7.2% in November to US$132.05/t, driven by rumours of property stimulus in China and a restocking of iron ore. In contrast to other base metals, copper rose 4.5% to US$3.80/lb amid protests in Panama. The decrease in yields and a lower US Dollar saw gold rise 2.6% to US$2,036/oz; the first-time gold has ended a month above US$2,000/oz.

The ASX300 Accumulation Index gained 5.1% in November. The breadth of sector and stock outperformance was broad-based, with sectors that had lagged in 2023 posting the largest uplift in returns. Health Care and Real Estate were the best-performing sectors for the month, up +11.7% and 10.8%, respectively; on the other hand, further oil price retracement saw the Energy sector underperform. Materials added the most value to the ASX300 Index, adding +147bps, followed by Real Estate (+118bps), Health Care (+114bps) and Discretionary (+105bps). Small Caps also rebounded strongly in November, up +7.0%, outperforming Large and- Mid Caps stocks.



This graph shows how $100,000 invested at the Fund's inception has increased to $743,700 (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 $532,000 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 (Ex)	$ 2.6274	$ 2.6307
Withdrawal price (Ex)	$ 2.6076	$ 2.6107
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

Fund returned 4.1% for the month of November, a pleasing turnaround from the previous month's negative return. On a relative basis, Fund under-performed its market benchmark as this Fund typically do not invest in the low dividend-paying healthcare and technology sectors; both were strong performers for the month. The Energy sector retracted as WTI declined some 6%. Contributors for the month were CBA (+8.4%), Macquarie Group (MQG +5.0%) and BHP (+4%). Detractors were the energy names including Woodside (WDS -9.5%) and Santos (STO -9.9%). S32 also went backwards (-7.2%) on the back of lower commodity prices.

Three major banks reported during the month. As expected, the bank chiefs sang in unison – ongoing cost pressure (wages, regulatory, cyber, AI etc), competitive pressures on net Interest margin (pressure from both the lending & funding book). A broker report showed the sector ROE decline over the past decade – from 15% in 2013 to around 12% now, net interest margin in the same downward trend, whereas the cost to income ratio went up from 43% to 46%. In short, the investment arithmetic is moving in the wrong direction! We expect the bank earnings growth to be rather lacklustre but not disastrous short term (assume no material deterioration in asset quality). Banks will work hard to maintain their dividends as we saw what happened with the ANZ decision in this reporting round (additional dividend to compensate the shortage in franking). The sector dividend yield is likely to remain stable for now and competitive in the face of higher term deposit rate. We need to monitor the sustainability of the current high payout ratio.

We continue to hold a balanced portfolio, seeking sustainable dividends plus medium-term growth opportunities.

Top Contributors (Absolute)	Sector
CBA	Financials
Macquarie Group	Financials
BHP	Materials

Top Detractors (Absolute)	Sector
Woodside	Energy
Santos	Energy
S32	Materials

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

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