Prime Value
Equity Income (Imputation) Fund – December 2023

- Equity markets continued to trend upward following last month's expectations of potential peak in US interest rates.
- The ASX300 Accumulation Index rose 7.2% in December buoyed by dovish central bank comments and a strong iron ore rally.
- The Fund distributed 2 cents per unit for the December Quarter
- The Fund successfully delivered another great year, with a total return of 12.6% for CY2023, or 14.6% inclusive of franking credits.

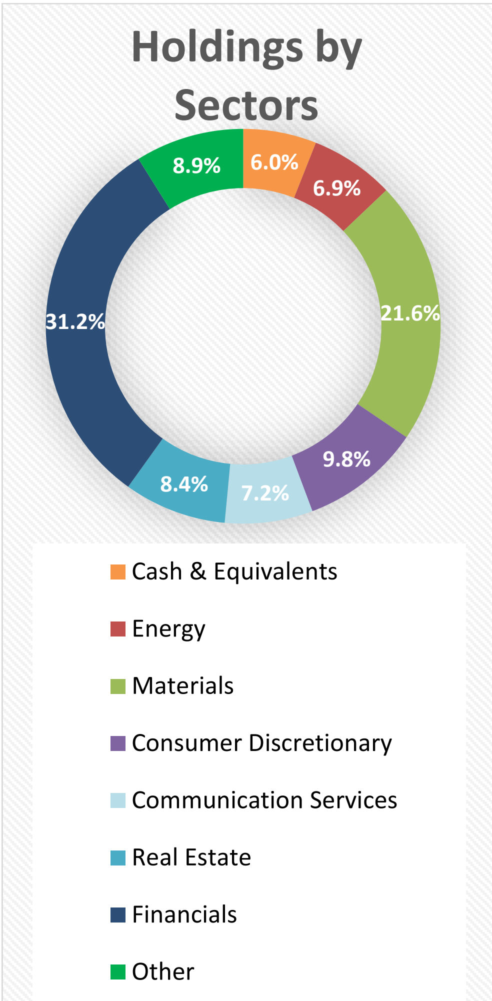
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.8%	4.7%	5.1%	12.0%	8.2%
20 Years (p.a.)	7.0%	4.4%	2.6%	9.1%	8.7%
10 Years (p.a.)	6.2%	1.7%	4.5%	8.3%	7.9%
5 Years (p.a.)	8.7%	3.7%	5.0%	11.0%	10.3%
3 Years (p.a.)	10.0%	4.7%	5.3%	12.7%	9.0%
1 Year	12.6%	8.4%	4.2%	14.6%	12.1%
3 Months	7.0%	6.2%	0.8%	7.4%	8.4%
1 Month	6.3%	5.5%	0.8%	6.8%	7.2%

* 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 34.6% 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

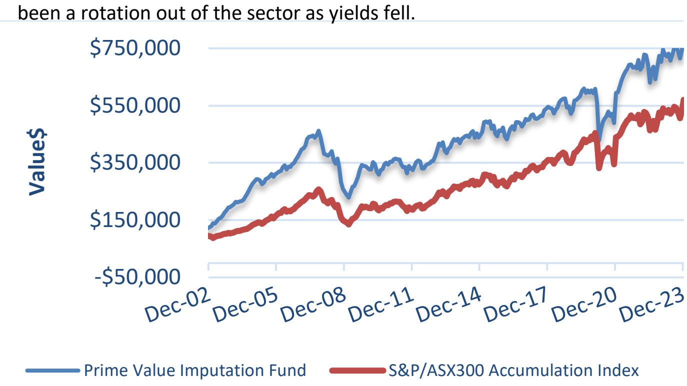


Market review

US stocks trended upward in December, driven by market optimism regarding potential US Federal Reserve interest rate cuts in early 2024. The S&P500 Index closed the month +4.4% higher, just shy of a new record, the Dow Jones Index gained +4.8% and the NASDAQ Index gained +5.5%. European equities also performed well over the month of December. The Stoxx600 Index gained +2.7% whilst the FTSE100 Index gained +3.7%. in Asia the MSCI Asia Pacific Index gained +4.71% in December, although the Nikkei and Hang Seng indices closed flat, following a volatile trading month in which weak investor sentiment surrounding the economic outlooks were offset by positive US indicators.

The Australian dollar gained 3.1% during December, continuing its November rebound. A combination of a weakening US dollar and strong iron ore prices supported the Australian Dollar's strength. Gold fell -0.4% to US$2,063.80/oz in December despite volatile moves across the month. Oil spent the first half of the month in the red, moving into positive territory for a short period of time before finishing lower. Brent finished - 2.3% lower at $77.04/bbl, while US WTI Crude closed the month -3.5% lower at $71.65/bbl. Despite OPEC+ announcement in late November that they would be cutting oil production, prices continued to fall as traders doubted the group would follow through.

The ASX300 Accumulation Index surged in December, with the index rising 7.3% to lift the 2023 return to +12.1%, including dividends. Real Estate was the best performer in December, with a return of +11.2%, as REITs were sold off the most when bond yields were rising. The recent falls in US bond yields drove a relief rally over the last 2 months. Health care (+9.1%) was the second-best sector performer, supported by lower bond yields and perhaps reduced concerns around the impact of GLP-1s, which had added to the sector's underperformance in prior months. Insurance (-1.7%) was the worst performer in December and the only sector with a negative return. Insurance was defensive when bond yields rose, but there has been a rotation out of the sector as yields fell.



This graph shows how $100,000 invested at the Fund's inception has increased to $790,700 (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 $570,400 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)	$ 2.7734	$ 2.7760
Withdrawal price (Ex)	$ 2.7524	$ 2.7550
Distribution (31/12/2023)	$ 0.0200	$ 0.0213
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 12.6% for CY2023, outperforming its benchmark again. Total return was 14.6% including franking credits. This Fund continued to consider franking credits into our investment decision making process for the after-tax benefit of our investors. CY2023 market return was really boosted in the last 2 months of the year where the performance was a strong double-digit return, hence lifted the whole year's number. The defensives lost a bit of shine with big names such as Woolworths, Coles, Telstra all underperformed as the fear of recession waned. Healthcare staged a good comeback. For the Fund, the key contributors for CY2023 were BHP, CSR and CBA. Detractors were Woodside, Waypoint REIT and Insignia. Cash holding was a relative detractor.

Inflation outlook, rapid movements in interest rate and bond yields have been the key features in equity market performance in CY23. Much of the strong performance in the last 2 months can be attributed to "PE expansion"- i.e. market is willing to pay more for the same earning as bond yield declines. Australia market is now trading at 16.5X PE, not cheap per se. As global inflation establishes a downward trend, market is starting to price in a central bank rate cuts later this year. This should provide the valuation support as we move through the year. However, as we all know, market does not move in straight lines; any change in expectation will impact volatility. Earnings growth will again be the focus since it has been rather pedestrian but forecast to turn positive in FY25/26.

2024 is also an election year for some 60 countries in the world including the significant USA and some politically sensitive countries such as Taiwan, Pakistan. This, in addition to various geopolitical unrest in different parts of the world might add to the "X factors" for the market. We continue to hold a balanced portfolio, seeking sustainable dividends plus medium-term growth opportunities.

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

Top Detractors (Absolute)	Sector
Suncorp	Financials
Amcor	Materials
Woodside	Energy

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

Contact details:

Andrew Russell - Director, Investor Relations
arussell@primevalue.com.au

Daniel Leong – Director, Investor Relations
daniel.leong@primevalue.com.au

Mail:

Prime Value Asset Management Ltd
Level 9, 34 Queen Street, Melbourne
VIC 3000

T: 03 9098 8088
E: info@primevalue.com.au
W: primevalue.com.au