Prime Value

Equity Income (Imputation) Fund – February 2024

- Technology companies led global share markets higher through February, in what was another positive month for equity markets.
- The ASX300 Accumulation Index rose 1.0%, lagging its offshore peers. Resources and energy sectors were a drag on overall performance.
- The Fund rose 1.7% in February, outperformed its benchmark.

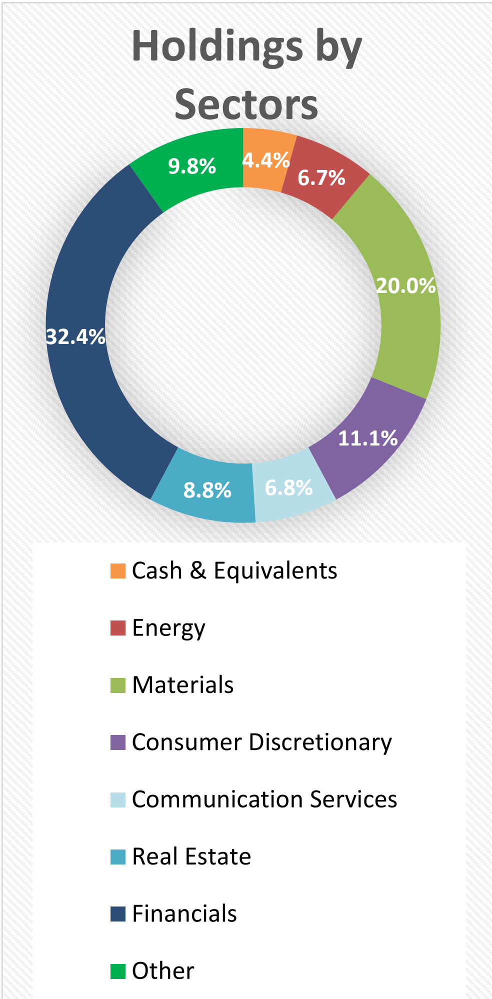
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.9%	4.8%	5.1%	12.0%	8.2%
20 Years (p.a.)	6.9%	4.5%	2.4%	9.0%	8.7%
10 Years (p.a.)	6.5%	2.0%	4.5%	8.7%	7.9%
5 Years (p.a.)	7.5%	2.6%	4.9%	9.8%	8.6%
3 Years (p.a.)	9.7%	4.4%	5.3%	12.3%	9.1%
1 Year	12.1%	8.0%	4.1%	14.2%	10.5%
3 Months	9.6%	8.8%	0.8%	10.1%	9.5%
1 Month	1.7%	1.7%	0.0%	1.7%	1.0%

* 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 34.9% 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

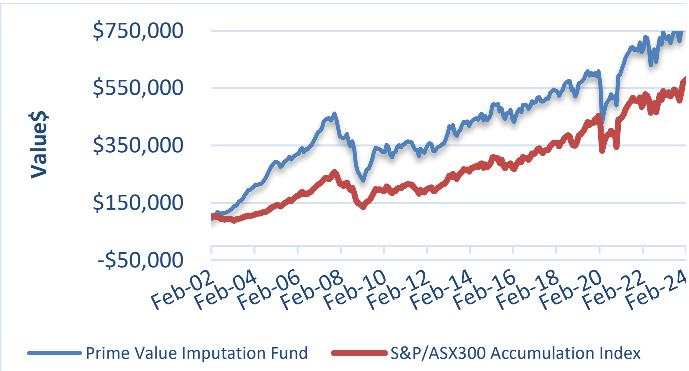


Market review

The MSCI Developed Markets Index rose (+0.8%) over February, while the S&P500 Index rose (+5.3%) in a strong month for equities. The S&P/ASX300 Accumulation Index underperformed Developed Markets performances, rising (+1.0%). Emerging Markets outperformed Developed Markets in February, rising (+4.9%) across the month. The MSCI World Developed Markets Index rose (+4.6%) in US Dollar terms.

The Australian 10-year government bond yield moved up 12bps over the month to 4.14%. US bond yields also increased, stepping up 29bps to 4.24%. Commodity prices were mixed in February. Brent Oil rose by US$1.97 to US$83.68/bbl, whilst Iron Ore prices fell by US$15.50 to US$117.50/Mt. Over the month, Gold fell by US$20.80 to US$2,032 as bullion markets recalibrated to expectations of US Federal Reserve interest rate expectations.

With the exception of the ASX20, all S&P/ASX size indices closed higher in February, led by the mid-cap stocks which rose +5.3%. More broadly, small-caps (+1.7%) were preferred over large cap companies (+0.9%). Resources were a drag on performance across all size biased indices, and Industrial companies performing well. Overall, on the ASX, the Technology sector led the market up, enjoying out-sized returns of +19.5% for the month. Sentiment from US technology companies had a positive influence on local trading whilst ASX technology companies reporting earnings in February were also positive. On the flip side the Energy sector lagged the broader market falling -6.0%. Noticeably, momentum within the Discretionary sector continued, +9.2% for the month, extending its gains to +24.6% since the October 2023 low.



This graph shows how $100,000 invested at the Fund's inception has increased to $815,300 (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 $582,300 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 (Cum)	$ 2.8599	$ 2.8635
Withdrawal price (Cum)	$ 2.8383	$ 2.8419
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 rose 1.7% in February, outperformed its benchmark. It was a busy result reporting time with unprecedented volatility in share prices. 10-20% daily movement was not uncommon (especially downwards!). Best monthly contributors included Wesfarmers (WES +14.6%), building material supplier CSR (+27.2%) and global industrial property owner Goodman Group (GMG +16.8%). The main detractors were BHP Limited (-7.1%), Newmont (NEM -12.8%) and Data#3 (DTL -14.0%).

French company Saint Gobain has launched a takeover bid for building materials company CSR Limited at $9.00. We have held CSR for a number of years with an average entry price of around $5.30. We were attracted to its strong dividend yield and its property portfolio. When we first invested in CSR, we believed the company was significantly undervalued for 2 major reasons. First, the company was looking to crystallise value for its manufacturing sites around Western Sydney as industrial property demand and Western Sydney Airport was taking off – the market was only starting to recognise this. Second, management was working on plans to turnaround a company that had an uneven performance record. We saw successful efforts to push through price increases to recover costs and streamlining of work processes that ultimately led to significant margins improvement – leading to a re-rating of the stock. We believe the $9.00 price offered by Saint Gobain which values CSR at 25x PER is attractive. It is interesting to note the once dominant "building material" listed sector is disappearing – many are now foreign owned or semi-private.

Dividends were the key area of disappointment in the February reporting round. Many came in on the low side of the forecast, even as there were EPS beats. Companies seemed to be holding back in terms of dividend return to shareholders as they kept the powder dry for growth opportunities or to strengthen the balance sheet or to prepare for M&A.

Top Contributors (Absolute)	Sector
Wesfarmers	Consumer Discretionary
CSR	Materials
Goodman Group	Real Estate

Top Detractors (Absolute)	Sector
BHP	Materials
Newmont	Materials
Data#3	Info Technology

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

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