# Prime Value
# Equity Income (Imputation) Fund – April 2024

- The equity markets rally paused in April, following five months of strong performance.
- The ASX300 Accumulation Index fell 2.9%, with positive resources performance unable to offset other broad-based declines
- The Fund fell 2.9% in April, in line with its benchmark

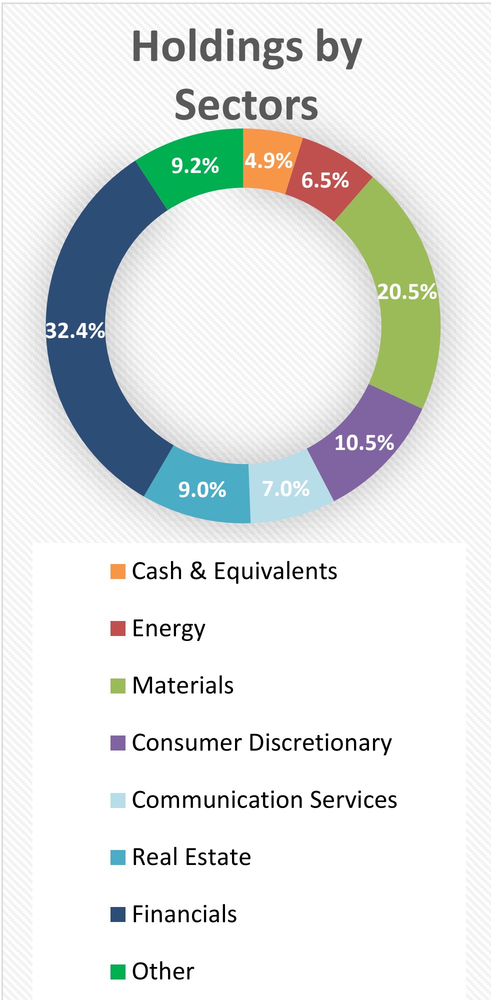
| | Total Return* | Growth Return* | Distribution Return* | Total Return including Franking Credits** | S&P/ASX 300 Accumulation Index |
|---|---|---|---|---|---|
| Since inception (p.a.) | 9.8% | 4.8% | 5.0% | 12.0% | 8.2% |
| 20 Years (p.a.) | 6.9% | 4.5% | 2.4% | 9.0% | 8.6% |
| 10 Years (p.a.) | 6.4% | 1.9% | 4.5% | 8.5% | 7.8% |
| 5 Years (p.a.) | 7.3% | 2.6% | 4.7% | 9.6% | 8.0% |
| 3 Years (p.a.) | 7.8% | 2.7% | 5.1% | 10.4% | 7.1% |
| 1 Year | 12.1% | 8.1% | 4.0% | 14.0% | 9.0% |
| 3 Months | 2.4% | 1.7% | 0.7% | 2.7% | 1.2% |
| 1 Month | -2.9% | -2.9% | - | -2.9% | -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 33.8% 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 |

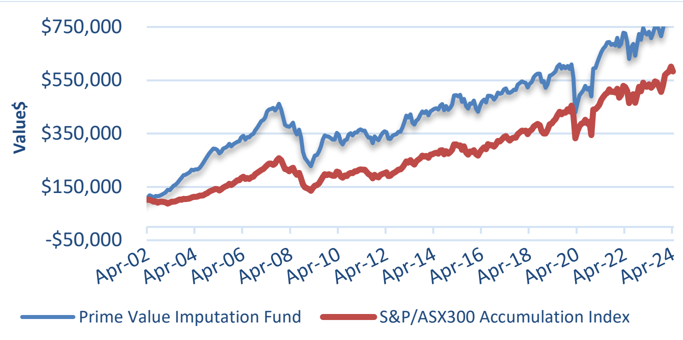


## Market review

This year's strong run-in equity markets saw a pause in April, as inflation indicators surprised to the upside whilst geopolitical friction persisted. Broadly, Global and Australian equities weaken in April, as interest rate sensitive stocks struggled on the realisation that central banks may not be as well positioned to cut interest rates as soon as thought. The MSCI Developed Markets Index fell (-3.2%), while the S&P500 Index also decreased (-4.1%) in local currency terms. Emerging market equities performed much better, with the MSCI EM Index gaining 1.4% due to a strong Chinese equity market (MSCI China Index gained 6.5% during the month).

The Australian 10-year government bond yield moved up 46 bps over the month to 4.42%. US yields also increased, stepping up 48 bps to 4.68%. Geopolitics supported commodity prices, with Brent Oil up by US$0.92 over the month to US$88.40/bbl, whilst Iron Ore prices increased by US$16.00 to US$118.00/Mt. April saw Gold prices hit another record high, increasing by US$119.20 to US$2,333.55 per ounce.

With the exception of the Utilities and Materials sectors, we observed broad-based losses across most ASX sectors in April. The ASX300 Accumulation Index closed 2.9% lower, ending five months of gains. Interest rate-sensitive sectors fared the worst, most notably Real Estate and Discretionary sectors, down 7.7% and 5.1% for the month, as the 10-year US Treasury yield rose 48bps to 4.7% – its highest level since last October 2023. The Energy sector (-4.7%) was a drag on overall Resources sector returns for the month with Metals & Mining (+1.8%) companies contributing positively during the month. Despite this, the Resources sector still outperformed Industrial companies across the various size cohorts. We observed material relative outperformance, most notably within the Mid-Caps sector where the spread was widest (+10%). Contribution from large-cap miners was mixed, with Rio Tinto and South 32 adding 25bps on aggregate, somewhat offsetting BHP losses (-28bps). There were broad-based declines across size biased indices in April, with mid-caps outperforming on a relative basis.




This graph shows how $100,000 invested at the Fund's inception has increased to $820,900 (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 $583,700 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 | $ 2.8631 |
| Withdrawal price (Cum) | $ 2.8383 | $ 2.8415 |
| Distribution (31/03/2024) | $ 0.0200 | $ 0.0214 |
| 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 -2.9% for the month of April, in line with its benchmark. Investment market sentiment changed in the month. Bond yield moved up by some 40+ basis points - RBA's next move is the focus again! Coming into 2024, market was expecting some easing during the year as inflation numbers come under control. However, as the year progressed, the base case turned to "no RBA rate cut" for some time to even hikes! Equity market recalibrated to the "higher for longer" rates scenario accordingly. Contributors for the month were Newmont (NEM +18.6% strong gold prices and good quarterly production numbers), Navigator (NGI +12.8%) and RIO (+7.2%). Detractors were mainly bond yield sensitive names including Macquarie Group (MQG -6.1%), CBA (-4.8%) and Goodman Group (GMG -6.3%).

BHP made headlines during the month, making a scrip offer for Anglo American. Hmmm…for those long in the teeth, some names came to mind – Magma, Billiton? Shale gas etc. Their track record on mega takeovers seemed to coincide with one buys/next one sells with some focus change with each change of CEO. BHP has been moving towards "future facing commodities" and this is another step in that direction. It comes down to price, people, culture plus other regulatory requirements to make it work – this is only the beginning and we will hear more in the coming months.

May is a big month for Banking sector reporting and dividends. Market again will focus on any signs of net interest margin stability? credit growth? asset quality impairment? It is also a month when trading updates are provided in a number of broker conferences, which no doubt will be keenly monitored by the market.

| Top Contributors (Absolute) | Sector |
|---|---|
| Newmont | Materials |
| Navigator Global | Financials |
| RIO | Materials |

| Top Detractors (Absolute) | Sector |
|---|---|
| Macquarie Group | Financial |
| CBA | Financial |
| Goodman Group | Real Estate |

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

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