

Prime Value

Equity Income (Imputation) Fund – May 2024

- Global equity markets rebounded from losses in the previous month, led by the technology heavy NASDAQ Index.
- The ASX300 Accumulation Index rose 0.9% but lagged most of its developed market peers as notably the defensive Australian telecommunication sector a key detractor to performance.
- The Fund returned 0.4% for the month of May, or 13.3% FYTD2024

| | 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% | 11.9% | 8.2% |
| 20 Years (p.a.) | 6.9% | 4.4% | 2.5% | 9.0% | 8.5% |
| 10 Years (p.a.) | 6.3% | 1.9% | 4.4% | 8.5% | 7.8% |
| 5 Years (p.a.) | 7.1% | 2.3% | 4.8% | 9.4% | 7.8% |
| 3 Years (p.a.) | 7.2% | 2.1% | 5.1% | 9.7% | 6.5% |
| 1 Year | 16.4% | 12.2% | 4.2% | 18.4% | 12.8% |
| 3 Months | 1.0% | 0.3% | 0.7% | 1.3% | 1.1% |
| 1 Month | 0.4% | 0.4% | - | 0.4% | 0.9% |

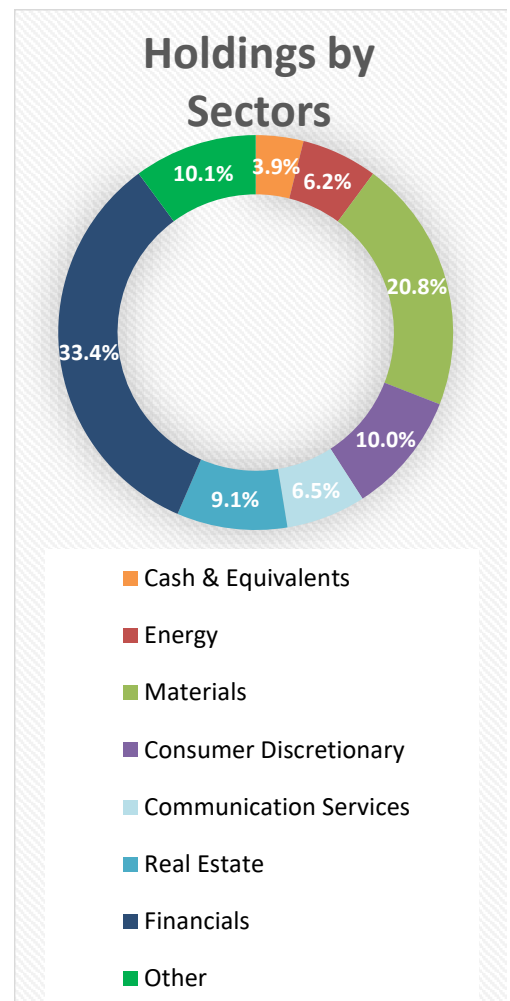
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts. 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 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 |

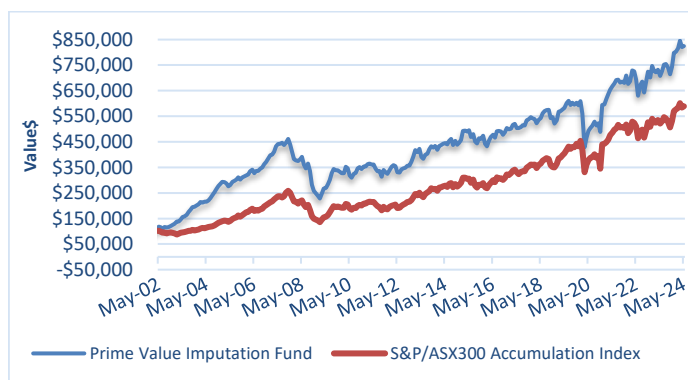


Market review

May saw equities move higher on the back of expectations surrounding the possibilities that AI technologies can bring. The MSCI World Index gained 3.8%, thanks to a strong rebound in US equity markets, where the S&P500 Index and Nasdaq Index climbed 4.8% and 6.9%, respectively. Yet again, the ‘Magnificent 7’ stocks (+9.1%) underpinned the rally, while the Equal-weighted S&P500 Index added 2.6%. The MSCI Developed Markets Index rose (+4.1%) in US Dollar terms whilst emerging markets, represented by the MSCI Emerging Markets Index, rose by a smaller +1.4% in US Dollar terms.

The Australian 10-year government bond yield fell 1 basis points over the month to 4.41%. US 10-year bond yields also declined, falling 19 basis points to 4.49%. Easing geopolitical fears saw Brent Oil down by US\$6.24 through May, to US\$81.62/bbl, whilst Iron Ore prices decreased marginally by US\$1.00 to US\$117.00/Mt. Over the month, Gold prices rose by US\$41.25 to US\$2,348.25 per ounce. Positive sentiment towards gold seems to be grounded on a few factors including the expectation that interest rate easing is more likely to be the US Federal Reserve’s next move despite uncertainty on the timing and the extent of rate cuts.

Australian equities rose in May, with the ASX300 Accumulation Index up +0.9%. Technology was the best performing sector in May, remaining resolute, as other sectors declined into month-end with the broader market. While six sectors outperformed the broader index, contribution to broader returns was significantly narrower with Financials (+79bps) through the Banks (+78bps) accounting for the majority of markets returns. The REIT sector also added value, whilst the Communication Services sector was a detractor to index performance (-9bps). Despite the ASX300 closing +0.9% higher in May, the market reaction to a higher-than-expected CPI data drove the headline market index lower into month-end in reaction to bond yields moving up.



This graph shows how \$100,000 invested at the Fund’s inception has increased to \$823,900 (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 \$588,700 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) | \$ 2.8704 | \$ 2.8741 |
| Withdrawal price (Cum) | \$ 2.8486 | \$ 2.8523 |
| 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 a positive 0.4% after a negative April. We had the Federal budget – revenue side is again helped by the higher than expected commodity prices. Expense side will be impacted by the “social, healthcare” needs of the aging population such as aged care, NDIS; plus the near term “cost of living” measures. Share market reactions were rather muted. A number of consumer-facing companies provided the trading updates during the month – a less rosy picture. Consumers seemed to start feeling the pinch from higher cost of living. Retail spend has become more discretionary and the supermarkets commented a trend of “trading down”. Kmart of this world continue to be well-positioned when nearly 80% of their sales are private label at very competitively prices. Contributors for the month were CBA (+4.4%), BHP (+3.4%) and Goodman Group (GMG +5.7%). Detractors were Telstra (TLS -5.5%), Super Retail (SUL -10.7%) and Wesfarmers (WES -2.8%).

Major banks reported during the month. Few highlights including a strong capital position, enabling some additional capital returns via on-market buybacks. Credit impairments had been low so far but we suspect the situation may deteriorate in the coming months especially in the “higher for longer” interest rate environment albeit banks continue to update their “provisioning” accounts. All banks called out cost pressures which will continue to impact margin. A more rational mortgage competition should help to take some pressure off the net interest margin.

Australia share market has been resilient, with the valuation at above historical average. We are conversant of the weak trading updates from some domestic sectors and some staff shedding to come from corporates. We continue to hold a balanced portfolio, underpinned by dividends and with medium term growth prospects.

| Top Contributors (Absolute) | Sector |
|-----------------------------|-------------|
| CBA | Financials |
| BHP | Materials |
| Goodman Group | Real Estate |

| Top Detractors (Absolute) | Sector |
|---------------------------|------------------------|
| Telstra | Communication |
| Super Retail | Consumer Discretionary |
| Wesfarmers | Consumer Discretionary |

Platforms

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

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