

Prime Value Equity Income (Imputation) Fund Update – August 2024

- Turnaround in equity markets following short sharp draw down in early August.
- The ASX300 Accumulation Index rose 0.4% which was a sharp turnaround considering the index fell 5.8% early in the month.
- The Fund fell 0.7%gained 5.4% for the month, with short term share price volatility on the ASX elevated due to the corporate reporting period.

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	10.0%	4.9%	5.1%	12.1%	8.4%
20 Years (p.a.)	6.6%	4.6%	2.0%	8.7%	8.6%
10 Years (p.a.)	6.6%	2.1%	4.5%	8.7%	8.0%
5 Years (p.a.)	8.0%	3.4%	4.6%	10.2%	8.1%
3 Years (p.a.)	7.9%	2.7%	5.2%	10.5%	6.4%
1 Year	15.4%	11.8%	3.6%	17.2%	14.6%
3 Months	5.7%	4.6%	1.1%	6.0%	5.6%
1 Month	-0.7%	-0.7%	0.0%	-0.7%	0.4%

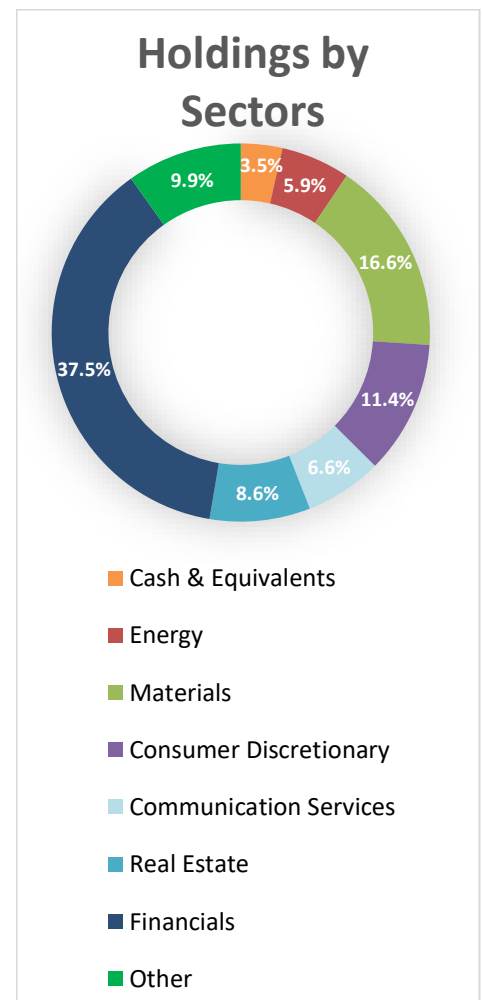
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts. 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
Commonwealth Bank	Financials
BHP Group	Materials
Macquarie Group	Financials
Wesfarmers	Consumer Discretionary
National Australia Bank	Financials

The top five holdings make up approximately 37.4% 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

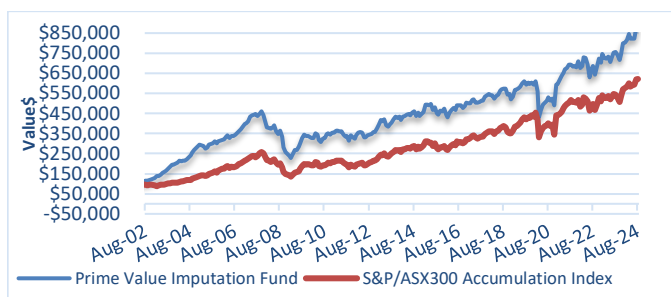


Market review

Equity markets posted sharp turnarounds through the month, as interest rate expectations drove markets higher. US equities whilst volatile in August nevertheless returned 2.4% (S&P500 Index) over the month. The MSCI World Developed Markets Index rose (+2.7%) in US Dollar terms, outperforming relative to the Emerging Markets Index, which rose by +1.2% in US Dollar terms. Both the FTSE100 and DJ Euro Stoxx 50 indices posted gains (+0.9% and 1.1% respectively) whilst the Nikkei 225 Index was weaker by 1.1%.

The Australian 10-year government bond yield moved down 15 basis points over the month to 3.97%. US yields also declined, stepping down 14 bps to 3.92%. Against the US Dollar, the New Zealand Dollar (+5.0%), Swedish Krona (+4.1%), and Australian Dollar (+3.4%) were the best performing currencies. Commodity prices were mixed in August. Brent Oil fell by US\$1.92 to US\$78.80/bbl, whilst Iron Ore prices rose marginally by US\$0.50 to US\$102.50/Mt. In precious metals, Gold prices rose by US\$87.05 over the month to US\$2,513.35 per ounce due to dovish Fed expectations, lower interest rates, and a weaker US dollar which have all been positive for the gold price.

Australian equities (ASX300 Accumulation Index) finished August up +0.4%. This was an impressive turn around when you consider the ASX300 fell approximately 6% in the first week as the ASX got caught up in the global Yen carry-trade sell-off. Except for the Small Ordinaries, all size biased indices closed higher for month, with dividend contributions providing an additional lift to monthly returns. Mid Caps posted the best return for the month, whilst we observed more modest returns across the top 300 companies. Sector contribution was relatively narrow for the month, with Financials offsetting losses across Materials and Energy sectors. Industrials and Technology added additional alpha for the month but was offset by weaker performance in the Healthcare sector.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$871,000 (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 \$621,400 over the same period. The returns exclude the benefits of imputation credits.

Performance figures have been calculated in accordance with the 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)	\$ 3.0035	\$ 3.0078
Withdrawal price (Cum)	\$ 2.9807	\$ 2.9850
Distribution (30/06/2024)	\$ 0.0297	\$ 0.0307
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

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS), an Information Memorandum (IM) or an offer of units and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Fund must obtain and read the IM or PDS (as the case may be) dated 31 July 2024 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited (ABN 23 080 376 110 and AFSL 222 055) nor its associates or directors, nor any other person, guarantees the success of the Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor investment.

Fund review & strategy

As expected, the August reporting proved to be a volatile month. After a very strong July performance and the high market valuation, we were a bit nervous coming into the August reporting period. FY2024 overall results were broadly within the expectation band but earnings growth for FY2025 were revised down primarily due to conservative guidance from management and the softer commodity prices outlook. Resources names continue to struggle as geopolitical events and China growth (or lack of) dominate investment thinking. The near-term lack of catalyst means Industrial market is likely to hold ground despite valuation concerns.

The Fund returned -0.7%, underperformed its benchmark. Contributors were CBA (+1.5%), Macquarie Group (MQG +2.7%) and Super Retail (SUL +11.8% special dividend declared and no major negatives). Detractors were Mineral Resources (MIN -26.0%, low lithium prices and gearing concerns), BHP (-3.6%) and Monash IVF (MVF -11.0%). MVF reached settlement of a class action (dated 2020), at a higher than expected amount. Whilst not ideal, we view this as "one off" – hopefully, and should remove further distractions for all concerned. The underlying investment thesis remains sound and we look forward to seeing further growth trajectory from both organic and M&A avenues.

It is interesting to note that a number of companies declared special dividend as a form of capital management tool to offload franking to their shareholders. It also indicates that large scale off-market corporate buybacks with the purpose of distributing franking balances to shareholders is off the agenda.

Top Contributors (Absolute)	Sector
CBA	Financials
Macquarie Group	Financials
Super Retail Group	Consumer Discretionary

Top Detractors (Absolute)	Sector
Mineral Resources	Financials
BHP	Materials
Monash IVF	Healthcare

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

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