

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

- An US interest cut followed by unexpected Chinese monetary and fiscal stimuli were key factors underpinning a surge in equities.
- The ASX300 Accumulation Index rose 3.1% underpinned by an aggressive rotation to the resources sector late in the month.
- The Fund distributed 2 cents per unit for the September Quarter, the total return for the quarter is 8% including franking credits.

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	10.1%	5.0%	5.1%	12.2%	8.5%
20 Years (p.a.)	6.5%	5.0%	1.5%	8.6%	8.6%
10 Years (p.a.)	7.4%	3.0%	4.4%	9.6%	8.9%
5 Years (p.a.)	8.2%	3.6%	4.6%	10.4%	8.3%
3 Years (p.a.)	9.5%	4.2%	5.3%	12.1%	8.1%
1 Year	21.2%	17.5%	3.7%	22.7%	21.7%
3 Months	7.6%	6.9%	0.7%	8.0%	7.8%
1 Month	2.8%	2.1%	0.7%	3.2%	3.1%

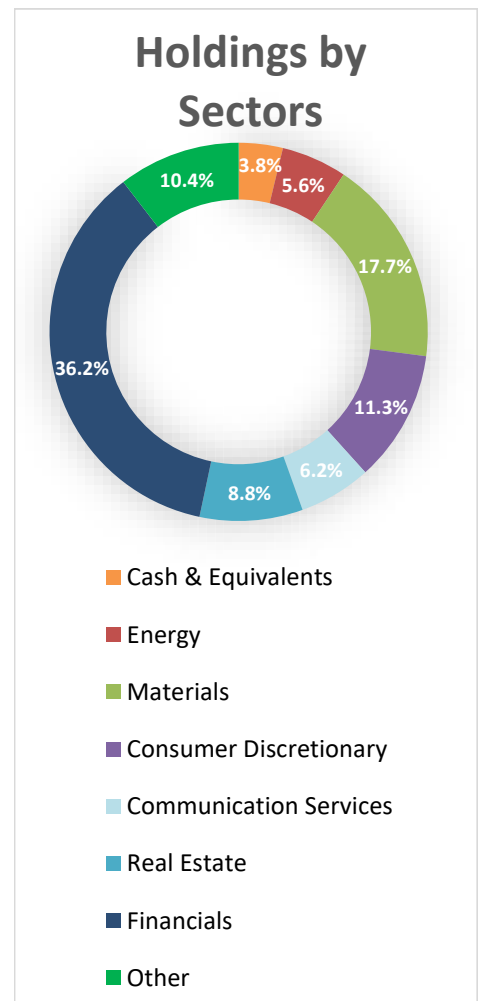
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts.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

The top five holdings make up approximately 37.5% 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

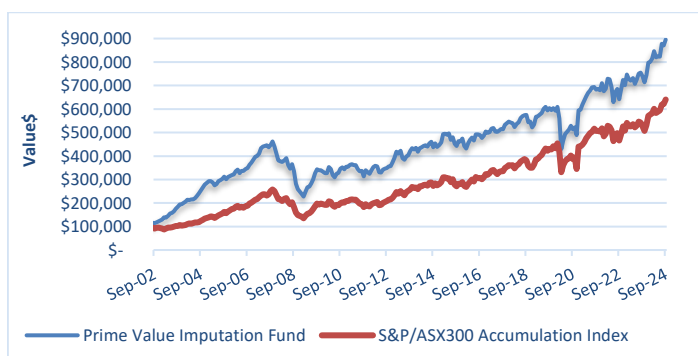


Market review

September saw equities gain with the MSCI Developed Markets Index increase by +1.5%, while the S&P500 Index also rose by +2.1% in local currency terms. The Nasdaq gained 2.7% whilst the Dow Jones posted a gain of 1.8%. The MSCI World Developed markets Index rose +1.9% in US Dollar terms, underperforming relative to the Emerging markets Index, which rose by +7.1% in US Dollar terms.

The Australian 10-year government bond yield rose by 1 basis points over the month to 3.97%, contrasting to the 13 basis point decline in US yields to 3.79%. Commodity prices were mixed through the month. Brent Oil fell by US\$6.82 to US\$71.98/bbl, whilst Iron Ore prices rose by US\$10.50 to US\$113.00/Mt on the back of monetary and fiscal policy stimulus from Chinese authorities. Gold rallied as much as ~6% to a peak in September, with prices rising by US\$148.05 over the month to US\$2,661.85 per ounce.

September saw an improvement from August with a return of +3.1% for the ASX300 Accumulation Index, the fifth consecutive monthly gain and a new high set for the broad ASX index. Beneath the headline indices, aggressive rotation towards the Materials sector, at the expense of banks and other defensive sectors, occurred in September as easing signals from the US and China resulted in a strong pivot by investors. Materials were the standout sector for the month, contributing +250bps. Real Estate (+46bps), Technology (+22bps) and Discretionary (+12bps) followed, adding additional alpha for the month. Index performance was lost through Healthcare (-32bps), Staples (-7bps) and Communication Services (-3bps). Within sectors, Materials were supported by BHP (+133bps) as the largest single stock contributor for the month. All size biased indices closed higher for month. The Small Ordinaries Index posted the best return for the month, while healthy returns were posted across the top 20-300 Indices.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$895,600 (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 \$640,500 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 (Ex)	\$3.0680	\$3.0712
Withdrawal price (Ex)	\$3.0448	\$3.0480
Distribution (30/09/2024)	\$ 0.0200	\$ 0.0217
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 7.6% for the September Quarter or 8.0% including franking. Distribution was 2 cents per unit for the Quarter, or 1.1% including franking. Contributors for September were BHP (+12.7%), Macquarie Group (MQG +7.7%) and Goodman Group (GMG +10.7%). Detractors were CBA (-2.9%), NAB (-2.1%) and Wesfarmers (WES -3.0%, profit taking after strong performance). The performance was reflective of investment money selling the financials and buying resources and higher beta names as China's monetary and fiscal stimuli inspired resources buying.

The ASX has begun the fourth quarter of 2024 robustly. There is now more conviction that trends are in place to enable the US Federal Reserve (Fed) to reduce interest rates well into 2025. The bull case from here is that the Fed can commence monetary policy easing while economic growth holds on at reasonably healthy level, without a recession. Under this scenario, earnings outlook will improve which would drive improvement in consumer sentiment and unlock growth in the important housing market. The bear case is that the US economy is only starting to slow from the weight of the extensive rate hikes; and that investors need to be cautious of a stretched US market with stocks trading at high valuations. The upcoming US Election will be keenly watched with all its political and economic ramifications.

Despite the selling of the banks, we will continue to hold them into the Nov reporting (and dividend) time. AGM sessions in October will provide further updates on how the economy is travelling.

Top Contributors (Absolute)	Sector
BHP	Materials
Macquarie Group	Financials
Goodman Group	Real Estate

Top Detractors (Absolute)	Sector
CBA	Financials
NAB	Financials
Wesfarmers	Consumer Discretionary

Platforms

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

Contact details:

Prime Value Asset Management Limited
 Level 9, 34 Queen Street, Melbourne VIC 3000
 T: 03 9098 8088
 E: info@primevalue.com.au
 W: primevalue.com.au