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

- Equities were softer into the end of the month as the US election neared its conclusion.
- The ASX300 Accumulation Index fell 1.3%, led by the resources sector as enthusiasm on China's economic stimulus petered out.
- The Fund fell 1.9%, underperformed its benchmark.

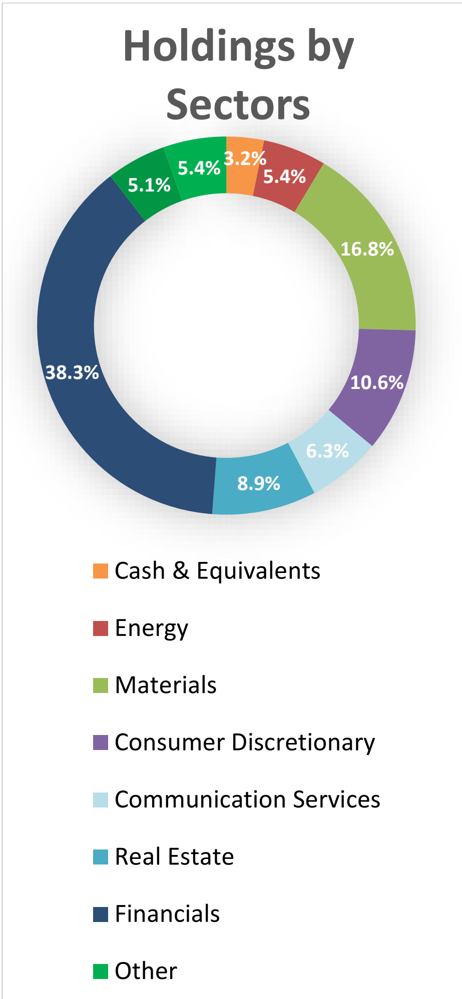
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.9%	4.9%	5.0%	12.1%	8.4%
20 Years (p.a.)	6.2%	4.7%	1.5%	8.2%	8.3%
10 Years (p.a.)	6.8%	2.4%	4.4%	9.0%	8.3%
5 Years (p.a.)	8.1%	3.5%	4.6%	10.3%	8.1%
3 Years (p.a.)	8.6%	3.4%	5.2%	11.2%	7.6%
1 Year	23.0%	19.2%	3.8%	24.6%	24.9%
3 Months	0.2%	-0.5%	0.7%	0.5%	2.2%
1 Month	-1.9%	-1.9%	0.0%	-1.9%	-1.3%

* 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
Macquarie Group	Financials
BHP Group	Materials
National Australia Bank	Financials
Wesfarmers	Consumer Discretionary

The top five holdings make up approximately 38.2% 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

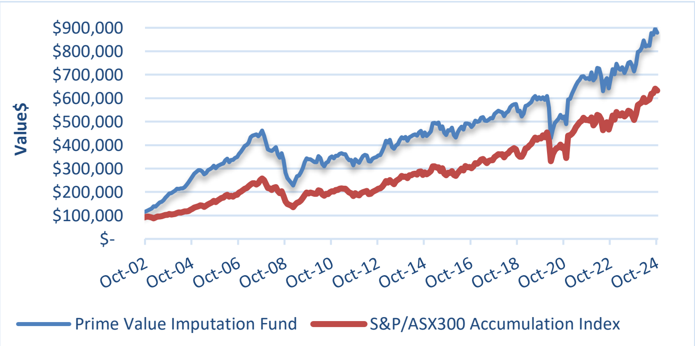


Market review

Investor anxiety rose, not unexpectedly, toward the end of the month as the US election drew closer. The MSCI Developed Markets Index fell (-0.9%) over October, while the S&P500 Index also fell (-0.9%) in local currency terms. The Emerging markets underperformed the Developed markets, decreasing (-2.1%) across the month. Notably the MSCI Asia ex Japan Index fell 2.6% during the month as investor sentiment on China's economic stimulus announcements fell. In contrast, Japan was the only major stock market that rose in October with the Nikkei 225 gaining 3.1%.

The Australian 10-year government bond yield rose by 53 bps over the month to 4.51%, similar to the 50 bps step up in US bond yields to 4.28%. Commodity prices were mixed through the month. Brent Oil rose by US$0.78 to US$72.55/bbl, whilst Iron Ore prices fell by US$8.00 to US$105.00/Mt. Gold rose 5%, which is still in an uptrend driven by geopolitical tensions and central bank demand. The gains in gold stocks are even more surprising given the historical inverse correlation to the US 10-year bond yield.

The ASX300 Accumulation Index declined 1.3%. Resources were a key drag on the market with a decline of 5.1%. The market continued to focus on China stimulus measures that had initially triggered a rotation out of Banks and into Resources. However, the rotation trade faded, with Banks recovering from month lows and Resources faded into month end. Financials, Health Care and Communication Services were the best performing sectors for October whilst the Utilities, Staples and Materials sectors the worst. Financials (+104bps) added the most value in October, however losses across Materials (-110bps), Discretionary (-28bps) and Staples (-27bps) were too large to offset. Except for Small Ordinaries Index, we observed a reversal of September performance with all size-biased indices closing lower in October. MidCaps were the worst performing, with Small Ords the best.



This graph shows how $100,000 invested at the Fund's inception has increased to $878,800 (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 $632,200 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)	$3.0105	$3.0142
Withdrawal price (Cum)	$2.9877	$2.9914
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

Fund review & strategy

The Fund returned -1.9% for the month of October, underperformed its benchmark. Small cap names outperformed the big caps. It was also a month with lots of AGM sessions and trading updates. Some of the key messages included the slow down in consumer spending in the last 2 months. Retail names were negatively affected with all eyes on the important Christmas trading period to come. Contributors were CBA (+5.4%), Insignia Financial (IFL +25.9%) and NAB (+3.9% banks regained some ground going into the Nov reporting time). Detractors were BHP (-7.2%), Super Retail (SUL -20.0%) and Newmont (NEM -8.9%).

Gold price hit US$2,778 per ounce at month end and was the best performing sector for the month. We always like to have some "gold" in our portfolio as a risk mitigation tool - this is represented by our holding in Newmont (NEM) which resulted from the merger with our original holding in Newcrest (NCM). We were attracted to its high-quality portfolio of long-life assets with annual production of some 6 million oz. It was particularly disappointing when NEM revealed its operational challenges in its Q3 results. The revamped production outlook and cost impact led the market to lose some confidence in its longer-term production delivery and started to factor in more downgrades and the associated derating of multiples. This multi-year downgrade came as a negative shock, hence the decline in price of some 20% at one point. A positive note would be sale of its non-core assets in the current high gold price environment. This would enable them to further on-market share buybacks as a form of returning cash to its shareholders.

Market is trading at PE of 18X and dividend yield of 3.4%. As commodity prices remain unpredictable, banks will be the major contributor to the portfolio yield. We continue to hold banks into the Nov bank dividend season for this Fund.

Top Contributors (Absolute)	Sector
CBA	Financials
Insignia	Financials
NAB	Financials

Top Detractors (Absolute)	Sector
BHP	Materials
Super Retail	Consumer Discretionary
Newmont	Materials

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

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