Prime Value
Equity Income (Imputation) Fund
Fund Update – May 2021

- Global share markets were broadly positive in May, with commodities a stand-out positive driver during the month
- The ASX300 Accumulation Index gained 2.3% in May, led by large cap stocks in banks, resources and healthcare sectors
- Fund returned 2.1% for the month of May, broadly in-line with its benchmark

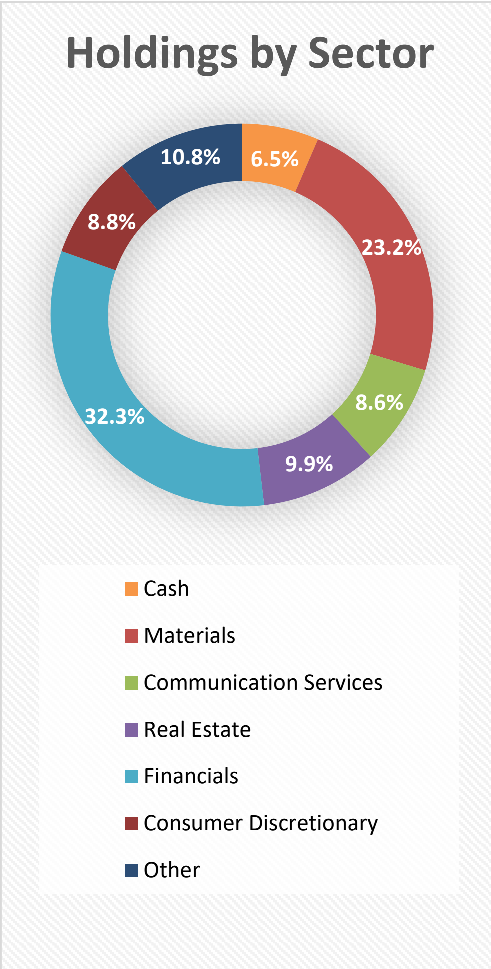
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	10.2%	5.2%	5.0%	12.3%	8.5%
10 Years (p.a.)	6.6%	2.1%	4.4%	8.8%	8.8%
5 Years (p.a.)	6.9%	2.7%	4.3%	9.0%	10.2%
3 Years (p.a.)	7.2%	2.4%	4.8%	9.3%	10.1%
2 Years (p.a.)	7.0%	2.8%	4.2%	8.9%	9.7%
1 Year	35.6%	31.2%	4.4%	37.6%	28.7%
3 Months	8.1%	7.3%	0.8%	8.6%	8.5%
1 Month	2.1%	2.1%	0%	2.1%	2.3%

* 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
BHP	Materials
Macquarie Group	Financials
Commonwealth Bank	Financials
Wesfarmers	Consumer Discretionary
NAB	Financials

The top five holdings make up approximately 30.7% 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

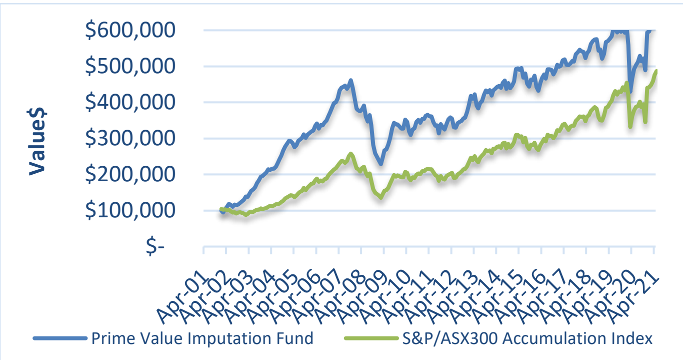


Market review

US stocks finished slightly higher in May, underpinned by the conflict of inflation concerns and strong economic data. This marked the fourth consecutive monthly advance for the US benchmark. The S&P500 Index rose into the start of the month, following Powell's reiteration of "real progress" in the economy. Reporting season was strong. The S&P500 Index grew earnings +47% YoY and sales +10.3%. The sectors with earnings leadership were that of Financials, Basic Resources and Technology. Despite this, Tech stocks fell on rising inflation concerns. The MSCI World Developed Markets Index rose (+1.6%), outperforming the Emerging Markets World Index which rose (+1.2%) in US Dollar terms. The Developed Markets outperformance was driven by the Euro Stoxx 50 Index (+4.1%). The FTSE 100 (+3.8%) and the ASX 300 (+2.6%) indices were also key drivers of the outperformance.

Brent Oil prices rose $2.07/bbl to $69.23/bbl, partly driven by the reflation trade and strong global demand. Iron ore prices surged to $US218/Mt, and then retraced slightly, still ending the month up $US14.50/Mt at $US201.50 Mt. Gold prices rose $132.30/oz to $1,899.95/oz. Gold rallied over the month of May largely driven by a weaker US Dollar and cooling US April manufacturing data. The Australian Dollar finished the month 0.23% higher. The Australian Dollar outperformed the G10 complex into the start of the month as commodities rallied.

The ASX300 Accumulation Index continued to rise in May, closing 2.3% higher. Resources and Industrials performed positively across the majority of size indices with Small Industrials (-0.6%) the only negative performer in the month. Large caps (+2.9%) performed strongly in May. Mid (+0.9%) and Small caps (+0.3%) whilst lagging still posted positive gains. Within sectors, Financials rose the most (+5.7%) followed by Consumer Discretionary (+3.5%) and Health Care (+3.5%). Info Tech (-9.9%) and Utilities (-6.6%) sectors fell most during the month.



This graph shows how $100,000 invested at the Fund's inception has increased to $668,500 (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 $486,800 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	$2.6996	$2.7016
Withdrawal price	$2.6792	$2.6812
Distribution (31/03/2021)	$0.0200	$0.0213
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

Fund returned 2.1% for the month of May, broadly in-line with its benchmark. It was a month dominated by bank reporting. Three major banks plus Macquarie Group reported relatively strong result; characterised by strong capital positions, improving funding trends and healthy provisioning levels. Importantly dividends had been restored albeit not at FY2019 level. We note banks could be in a position for capital management if this trend continues. Absolute contributors were CBA (+12%), Westpac (WBC +5.7%) and Newcrest (NCM +6.8% as market started to think about inflation risk). Detractors were Macquarie Group (MQG -5.3%), Woodside (WPL -4.6%) and Sydney Airport (SYD -5.2%, delayed international travel).

As we approach financial year end, stock market indices are at record levels globally. Interest rates are at all time low. Housing market is buoyant and M&A activities rampant. Thanks to the strong iron ore prices, Australia trade balance is in a very good position. Government Budget remains constructive and RBA is not anticipating rate hike in the short term. The current Victoria situation reminds us once again Covid risk is not over and we also witnessed breakouts in some of the previous Covid success countries such as Taiwan, Vietnam. A clear blockage to full economic recovery remains border and mobility restrictions. As labor shortages and skill gaps emerge, this will impact recovery and add to cost.

The market appeared to look past Covid as vaccinations are being rolled out. In the current "goldilocks environment"- low interest rate, low inflation, plenty of liquidity – equity is priced to near perfection. Regardless of the volatility in share price, we are confident of good dividend payout near term as robust forecasts for the big miners and banks are particularly positive for dividends.

Top Contributors (Absolute)	Sector
Commonwealth Bank	Financials
Westpac Bank	Financials
Newcrest Mining	Materials

Top Detractors (Absolute)	Sector
Macquarie Group	Financials
Woodside Petroleum	Energy
Sydney Airport Holdings	Industrials

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

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