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

- Global share markets were broadly higher in June, with the ASX300 Accumulation Index gaining 2.3%.
- The Australian share market posted its strongest financial year return since FY07, assisted by both monetary and fiscal stimulus.
- Fund returned a strong 34.7% for FY21 or 36.7% including franking

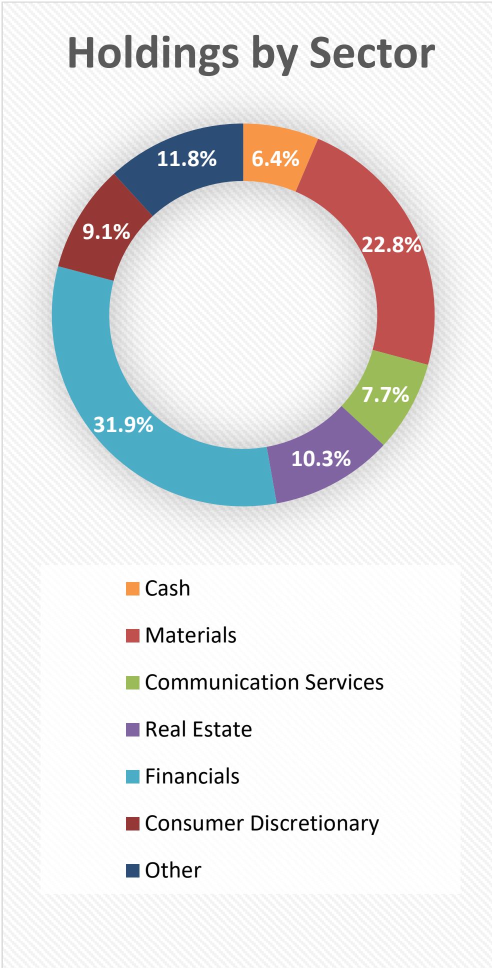
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	10.3%	5.2%	5.1%	12.3%	8.5%
10 Years (p.a.)	7.0%	2.7%	4.3%	9.1%	9.2%
5 Years (p.a.)	7.8%	3.5%	4.3%	9.8%	11.3%
3 Years (p.a.)	6.5%	1.7%	4.7%	8.6%	9.8%
2 Years (p.a.)	6.2%	2.6%	3.6%	7.8%	9.0%
1 Year	34.7%	30.9%	3.8%	36.7%	28.5%
3 Months	6.5%	5.5%	1.0%	6.7%	8.5%
1 Month	1.4%	0.5%	0.9%	1.6%	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 31.9% 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



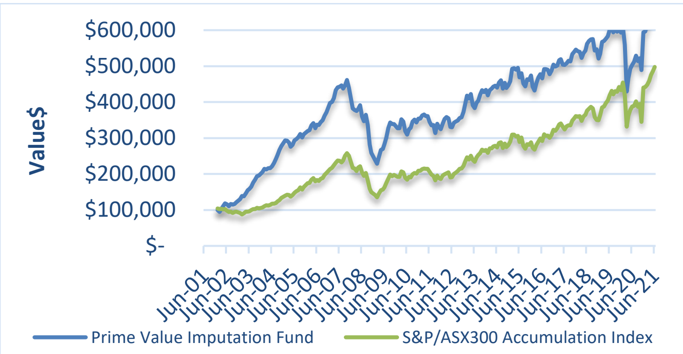
Market review

FY21 was as a bumper year for the Australian share market returns – at 28.5% the ASX300 Accumulation Index posted its strongest year since FY07. A rapid economic recovery, sustained policy support and return of capital allocation all saw the Australian share market move higher on a sustained basis over the year, with September 2020 the only down month. Consumer Discretionary (46.1%) and Financials (40.6%) were the leaders of performance over the year, with Utilities (-18.6%) the clear laggard. BHP and the major Banks added the most to index performance at a stock level.

In June, the MSCI World Developed Markets Index rose (+1.4%) in US Dollar terms, performing in line with the Emerging Markets World Index which also rose (+1.4%) in US Dollar terms. The S&P500 Index (2.3%) was the key driver of developed market performance in US Dollar terms. Globally, on local currency terms, the IT (+6.9%), Energy (+3.1%), and Health Care (+3.0%) sectors outperformed the most. The Materials (-4.1%), Financials (-3.4%), and Utilities (-2.8%) sectors underperformed the most. Global bond yields continued to retrace from previously elevated levels, with the US 10-year government bond yield falling 13bp to 1.44%. Australian bonds followed the US; 10-year yields dropping 12bps to 1.51%.

Brent Oil prices rose $5.50/bbl to $75.13/bbl in June, as global demand remained strong. Iron ore prices surged to $US215.50$/Mt, ending the month up $US14.00 $/Mt. Interestingly, Gold prices declined $136.80/oz to $1,763.15/oz, on the back of lower inflationary expectations.

The ASX300 Accumulation Index closed 2.3% higher in June. Industrials outperformed Resources across all size indices with Mid Cap Industrials (+5.9%) the best performing. Large caps (+1.9%) underperformed Mid (+3.7%) and Small caps (+3.1%) in the month. The Information Technology (+13.4%), Communication Services (+5.5%), and REITs (+5.5%) sectors outperformed the most. The Financials (-0.2%), Materials (+0.3%), and Health Care (+2.2%) sectors underperformed the most.



This graph shows how $100,000 invested at the Fund's inception has increased to $678,000 (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 $497,700 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	$ 2.7129	$ 2.7138
Withdrawal price	$ 2.6923	$ 2.6932
Distribution (30/06/2021)	$ 0.0248	$ 0.0263
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 1.4% for the month of June, underperformed its benchmark. Contributors were Wesfarmers (WES +6.7%), Goodman Group (GMG +8.9%) and Navigator Global (NGI +12.6%). Detractors were Oz Minerals (OZL -11.1% China tried to reign in surging commodity price), Newcrest (NCM -10.7% gold price declined 7% as stronger USD dampened investor demand for gold) and NAB (-2.7%). In the last quarter of FY21, the Fund lagged the general market as "growth" names outperformed when bond yield improved.

For Financial Year 2021 the Fund generated a strong return of 34.7% or 36.7% including franking. We take after-tax return implication seriously and typically participate in company "off-market" buybacks when it is beneficial to our investors. Over the years we have added average 2 percentage points per annum via distribution of imputation credit - something our investors can recognise when filing their tax returns. The strong performance was mainly due to Fund's holding in the big miners (BHP, RIO and Fortescue) which were good dividend payers during the year on the back of strong iron ore prices. Banks staged a strong comeback in their May reporting and reinstated their dividends (albeit low level) earlier and higher than expected. Both sectors benefitted from dividend and stock re-rating. In addition, on a stock specific basis, Nine Entertainment (NEC) was a key contributor whereas Newcrest (NCM) was the key detractor. Nine's management did a great job navigating this cyclical business through the pandemic. The diversified revenue source cushioned some of the negative impact from a slowdown in advertising market. We invested in this name on the back of good dividend yield and potential cyclical recovery. After the strong performance, we have reduced our holding slightly in June.

Looking into the new financial year, the known risks include the hotly debated inflation- structural / transitory? bond yield, geo-political posturing, virus mutation, vaccine roll-out etc. Central banks continue to be accommodating, focusing on economic recovery, not willing to pre-empt too much. Of course, there is always the X factor! Any of these can change investment sentiment and risk appetite, hence the volatility. We continue to hold a diversified portfolio of around 30 companies with emphasis on sustainable dividend and medium- term growth prospects.

Top Contributors (Absolute)	Sector
Wesfarmers	Consumer Discretionary
Goodman Group	Real Estate
Navigator Global Inv	Financials

Top Detractors (Absolute)	Sector
OZ Minerals	Materials
Newcrest Mining	Materials
NAB	Financials

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

Contact details:

Brittany Shazell, Riza Crisostomo, Julie Abbott, Dora Grieve & Angela Ly
Client Services Team
Phone: 03 9098 8088
Email: info@primevalue.com.au
Web: www.primevalue.com.au

Mail:

Prime Value Asset Management Ltd
Level 9, 34 Queen Street
Melbourne VIC 3000