Prime Value

Equity Income (Imputation) Fund – November 2021

- The emergence of a new COVID strain towards November's last few trading days saw investors transition into safe-haven currencies and bonds.
- The ASX300 Accumulation Index fell 0.5%, outperforming most global peers, as China moved to support growth and stabilise their property market.
- Fund returned -0.8% for the month of November, a touch below its benchmark.

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	10.1%	5.1%	5.0%	12.1%	8.4%
10 Years (p.a.)	7.5%	3.1%	4.4%	9.6%	10.3%
5 Years (p.a.)	6.9%	2.6%	4.3%	8.8%	10.3%
3 Years (p.a.)	8.5%	3.7%	4.8%	10.5%	12.9%
2 Years (p.a.)	6.2%	2.6%	3.6%	7.6%	6.8%
1 Year	17.4%	14.0%	3.4%	18.6%	16.0%
3 Months	-1.9%	-2.6%	0.7%	-1.9%	-2.3%
1 Month	-0.8%	-0.8%	0.0%	-0.8%	-0.5%

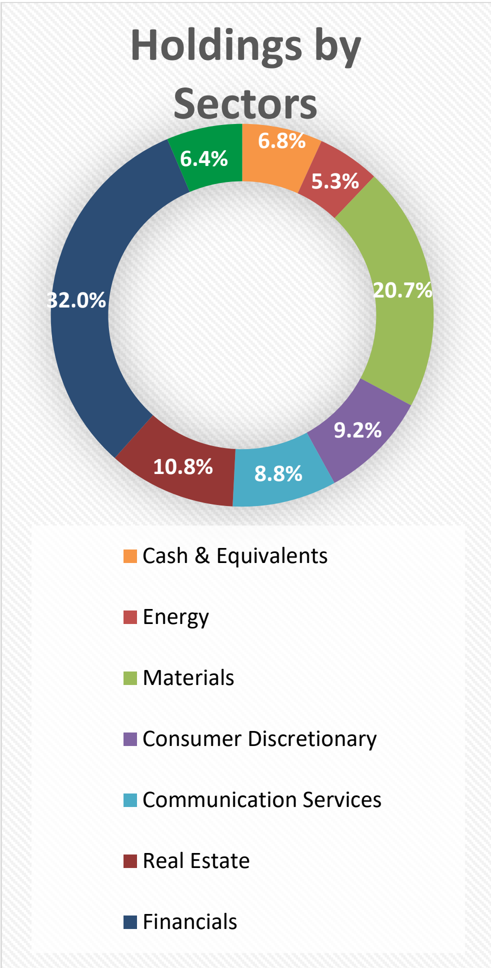
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts.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

The top five holdings make up approximately 31.4% 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

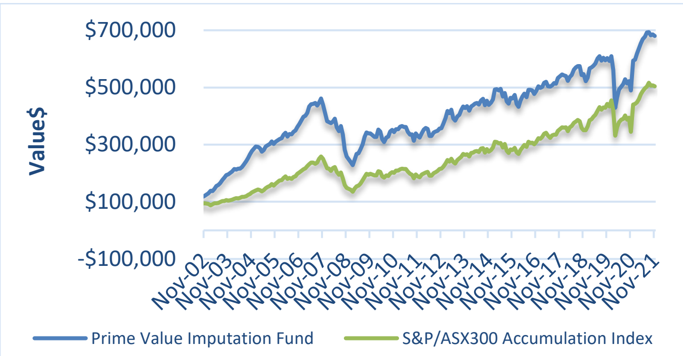


Market review

The Developed Market World index lost ground over November, declining -1.4%; driven by the emergence of the Omicron variant which saw global investors transition into safe-haven currencies and bonds. The volatility in global markets occurred in the final days of the month after the discovery of a more transmissible Omicron COVID variant. This added to fears of more lockdowns that had already started to re-emerge as COVID cases started to rise in the Northern Hemisphere, and added to investors growth concerns when the cycle was already slowing, and monetary stimulus was being reduced. To top it off, on the last day of the month, US Federal Reserve chair Powell signalled tapering may be accelerated as inflation is less transitory than first thought. The US S&P500 Index closed -0.83% lower for the month. The Info Tech sector held gains, up +4.2%, while the Energy (-5.8%) and Financials (-5.8%) sectors fell the most.

Brent Oil prices fell US$14 to US$71/bbl in November. Oil prices reacted materially to the news of the Omicron variant in South Africa, falling 11.6% to $72.77 on 26 November. Iron Ore dropped US$8 to US$100/Mt on the back of weak China demand signals. Gold traded mixed in the first week of November amid an array of central bank meetings, falling following a hawkish Fed meeting but gained after a dovish Bank of England meeting. The precious metal ended the month 0.50% lower, trading at US$1774.52.

The ASX300 Accumulation Index fell 0.5% and slightly outperformed the S&P500 Index. On a sector basis, Materials (+6.3%) was the strongest performer, while Communication Services (+5.2%), and REITs (+4.5%) also outperformed in Australia. The Energy sector underperformed the most (-8.3%), the Financials (-6.9%) and IT (-2.9%) sectors also lost ground. Mid cap stocks performed better over small and large caps, while Resources outperformed Industrials across all size bias indices.



This graph shows how $100,000 invested at the Fund's inception has increased to $680,500 (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 $604,400 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	$ 2.7029	$ 2.7049
Withdrawal price	$ 2.6825	$ 2.6845
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

If you don't already know the Greek alphabets, you might know a few more by now! Volatility has picked up during the month as markets grapple with the newfound risks related to the Omicron variant as well as speculation around a potential hawkish stand from the Federal Reserve. Fund returned –0.8% for the month of November, a touch below its benchmark. Detractors were the banks after they went ex-div. The Banking sector returned -6.9%, the worst performing of all ASX sectors, followed by Energy. The competitive landscape of the banking sector remained intense. Earnings pressure were confirmed by the bank reporting round as policy support is removed and macroprudential policies are being reintroduced to curb excesses in housing market but the much anticipated APRA's final capital reforms are broadly consistent with market expectation with implementation date 1 January 2023. Contributors for the month were Goodman group (GMG +12.7% continued to be leader in driving and meeting client new logistic requirement), Fortescue (FMG +22.1% recovery of iron ore prices) and BHP (+7.6%).

Australia market is trading around FY22 PE of 16.5X. It had traded higher during 2021 - thanks to the low interest rate environment, infinite valuation of some high growth names and global M&A boom (reportedly around $300 billion in Australia alone). Stronger earnings and big de-rate in the Resources sector both reduced the elevated Index valuation level. On dividend yield, it continued to offer attractive yield (plus additional franking credit) relative to the 10-year bond (2%+ gap), even more vs term deposit rate.

We sense that market is walking the tightrope – one eye on any movement in the yield curve, one eye on equity return FOMO (fear of missing out). We remain selective in our stock picking – preferring names with a sustainable dividend, trading at reasonable valuation with potential medium-term capital growth.

Top Contributors (Absolute)	Sector
Goodman Group	Real Estate
Fortescue Metals Group	Materials
BHP	Materials

Top Detractors (Absolute)	Sector
Westpac	Financials
CBA	Financials
NAB	Financials

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

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