Prime Value

Equity Income (Imputation) Fund – January 2022

- Global equity markets endured a challenging start to the year as investors reacted to the prospect of higher US interest rates.
- The Australian share market also declined, but a 24% rise in iron ore prices, a 17% jump in oil prices and a significant upward reweighting of BHP during the month supported resources stocks.
- The Fund returned -4.7% for the month of January, outperformed its benchmark

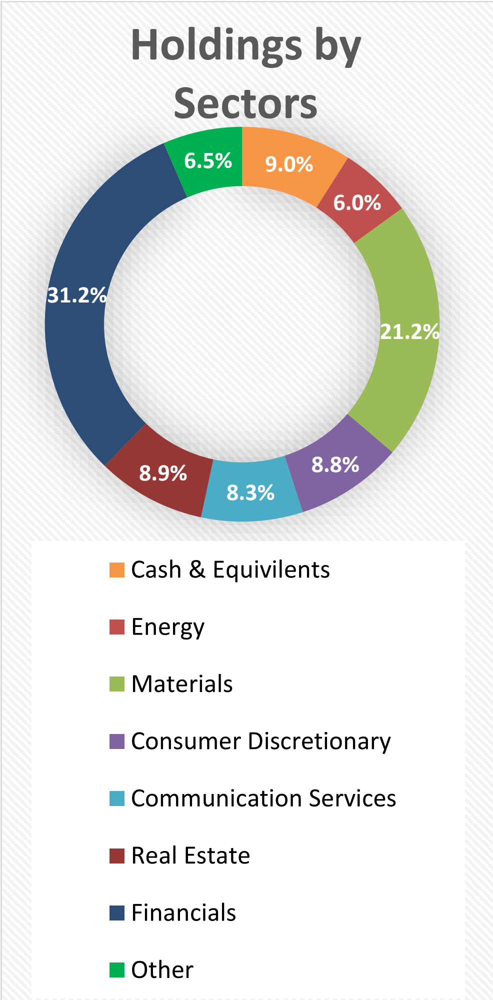
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.9%	4.9%	5.0%	12.0%	8.1%
10 Years (p.a.)	7.1%	3.0%	4.1%	9.2%	9.5%
5 Years (p.a.)	6.3%	1.9%	4.4%	8.4%	8.6%
3 Years (p.a.)	8.2%	3.8%	4.4%	10.2%	10.1%
2 Years (p.a.)	5.4%	1.5%	3.9%	7.4%	3.3%
1 Year	13.3%	9.0%	4.3%	15.8%	9.6%
3 Months	-1.4%	-2.8%	1.4%	-0.2%	-3.7%
1 Month	-4.7%	-4.7%	0 %	-4.7%	-6.5%

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

The top five holdings make up approximately 32.1% 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



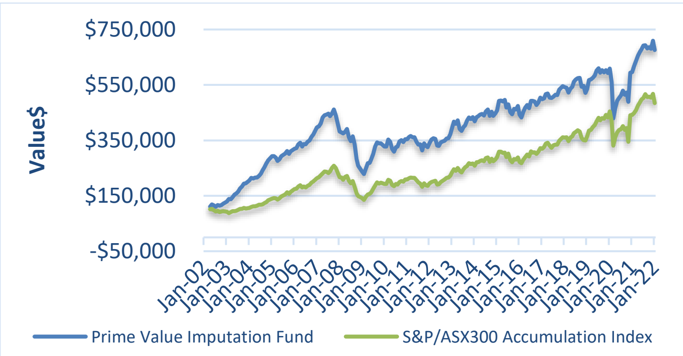
Market review

After starting the year on the front foot, global equities fell sharply through January as investors braced themselves for tighter monetary policy from central banks. The global equity sell-off was driven by rising real yields as the US Federal Reserve signalled an earlier start to quantitative tightening.

The MSCI World Emerging Markets Index declined -1.8% in US Dollar terms, outperforming relative to the Developed Markets Index which fell -5.3%. Interest rate sensitivity proved to be a headwind for Developed markets, while Emerging markets benefited from rising commodity prices. Globally, the Energy (+15.5%), Financials (+0.6%), and Consumer Staples (-3.0%) relatively outperformed. The IT sector (-8.5%), along with Consumer Discretionary (-8.4%), and Real Estate (-8.2%) underperformed the most in January.

Bond yields jumped as investors increased rate hike expectations, with US 10-year yields climbing 27bps to 1.78% and the Australian 10-year yield following suit with a 22bp rise to 1.89%. Commodity prices surged with Oil climbing $13 to $91/bbl driven by global supply concerns, and Iron Ore lifting US$28 to US$144/Mt supported by a restock ahead of Chinese New Year. Counter to the broad increase in commodity prices, Gold prices dropped US$11 to US$1,795/oz as rates look to increase.

The AS300 Accumulation Index lost ground over January, falling a significant -6.4%. The ASX also underperformed against the S&P500 Index which dropped -5.2% across January. On a sector basis, Energy (+7.9%) was the strongest performer, while Utilities (+2.6%), and Materials (+0.8%) also outperformed in Australia. The IT sector underperformed the most (-18.4%), Health Care (-12.1%) and Consumer Staples (-9.6%) also relatively underperformed.



This graph shows how $100,000 invested at the Fund's inception has increased to $676,300 (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 $484,400 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	$ 2.6480	$ 2.6497
Withdrawal price	$ 2.6280	$ 2.6297
Distribution (31/12/2021)	$ 0.0400	$ 0.0412
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 -4.6% for the first month of calendar 2022. It has been a volatile month, driven in part by inflation fears (hence rate concerns, hence valuation adjustments). In relative terms, Fund outperformed the broader market. Key contributors were from the resources sector as energy prices rebounded – Woodside (WPL +14.3%), Santos (STO +13.1%). BHP (+11.7%) gained on stronger iron ore prices and short term index buying resulted from stock unification. As a veteran analyst commented "It has been 20 years since BHP Ltd formed the DLC with Billiton to create BHP Billiton. At that time, the company said the new structure created a formidable enterprise of global scale and diversity, with the capacity and flexibility to pursue international growth opportunities, and with outstanding access to major capital markets. Today the message is unification will result in a corporate structure that's simpler and more efficient, with improved flexibility to shape the portfolio". Yes, time has changed - I would like to invest in consultants' business! Detractors were Macquarie group (MQG -10.6% profit taking after strong performance in 1H), Wesfarmers (WES -11.1%) and Goodman group (GMG -12.5%).

Our investors would note a much larger Dec 21 quarterly distribution that was paid in early January. This was due to the Fund's participation in tax-effective company off-market buybacks of Commonwealth Bank and Woolworths. Our portfolio management clearly demonstrated our consideration for after tax return to our investors.

February is a busy time of companies reporting their December half yearly results. This year with the combination of a late cycle and hawkish central banks, will make the market even more volatile - companies reporting negative surprises might suffer "sell first, ask questions later" mentality. We will continue to monitor and adjust our portfolio as opportunities arise.

Top Contributors (Absolute)	Sector
BHP	Materials
Woodside	Energy
Santos	Energy

Top Detractors (Absolute)	Sector
Macquarie Group	Financials
Wesfarmers	Consumer Discretionary
Goodman Group	Real Estate

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

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