Prime Value
Equity Income (Imputation) Fund – May 2022

- Global equity markets were mixed to negative as inflationary pressures weighed on investor sentiment.
- The Australian share market lagged its peers in May, with the ASX300 Accumulation Index falling 2.8%. Resources stocks underpinned the market performance as commodities are viewed as a hedge against inflation.
- Fund returned -4.5% for the month of May, underperformed its benchmark.

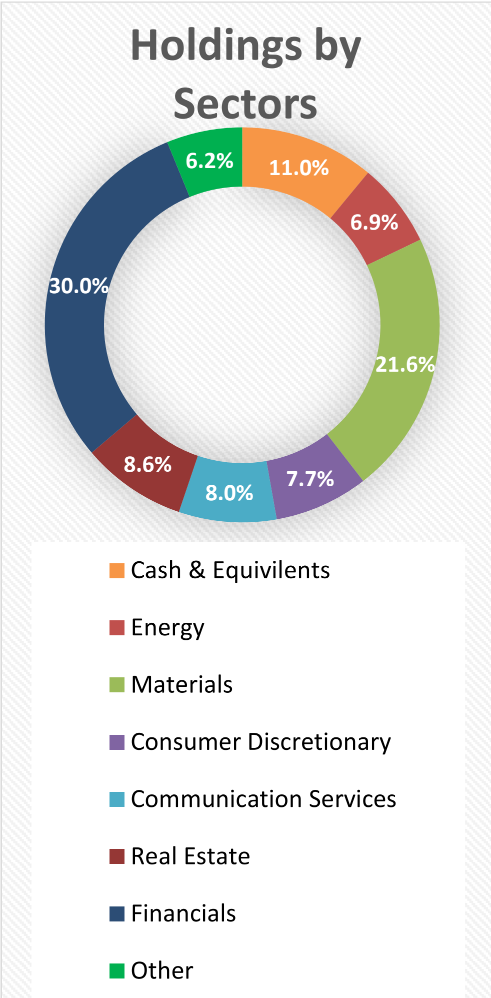
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	9.9%	4.9%	5.0%	12.0%	8.3%
10 Years (p.a.)	7.7%	3.3%	4.4%	9.9%	10.3%
5 Years (p.a.)	6.6%	1.9%	4.6%	8.9%	9.0%
3 Years (p.a.)	5.9%	1.4%	4.6%	8.2%	8.0%
2 Years (p.a.)	18.6%	13.7%	4.9%	21.3%	16.1%
1 Year	3.7%	-1.5%	5.3%	6.9%	4.7%
3 Months	1.0%	-1.1%	2.1%	2.3%	3.1%
1 Month	-4.5%	-4.5%	0.0%	-4.5%	-2.8%

* 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	Financials
BHP Group	Materials
Commonwealth Bank	Financial
National Bank	Financials
Wesfarmers Limited	Consumer Discretionary

The top five holdings make up approximately 32.3% 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



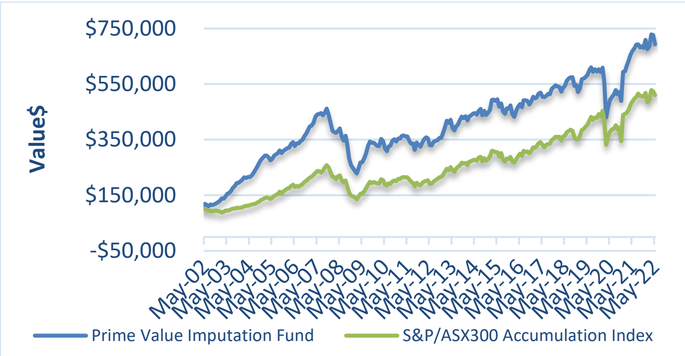
Market review

Global equities had mixed results in May, with investors weighing up the willingness of central banks to tighten monetary policy aggressively. A major concern is the US Federal Reserve's sharp interest rate hikes could lead to a recession in the US—this is a not a current base case scenario although the risks are rising. The MSCI Developed Markets Index fell slightly (- 0.2%), while the S&P500 Index lifted (+0.2%). Other developed market indices such as the FTSE100 and Euro Stoxx 50 also posted positive returns.

Australian 10-year yields sold off 22bps across May to 3.34%, as investors price in tightening monetary policy following rate hikes. In May, the RBA raised the cash rate by 25bps to 0.35% for the first time since 2010.

Brent oil prices finished May at US$122/bbl, moving up US$12 for the month. Iron ore demand remains solid with China pig iron production staying at the same level in the second half of May; however, we observe steel demand remains weak in China. Gold is holding reasonably well above US$1,800, but the market has so far struggled to move far enough past US$1,850. Policy tightening and rising global rates ultimately create headwinds, as the opportunity cost of holding gold increases.

With the exception of the Materials sector, all sectors in the ASX trended lower in May and even then, the Materials sector was up a modest, +0.14%. Investors appear to be pricing in a potentially more aggressive interest rate hikes on the ASX. On a sector basis, Utilities (-0.2%), and Industrials (-0.5%) also outperformed in Australia. The REITs (-8.7%), IT (-8.7%) and Consumer Staples (-6.6%) sectors relatively underperformed. Size favoured large, over mid and small cap indices, with the Small Ords Index observing a -7.0% return drawdown. At a stock level, BHP had the largest positive impact on performance, however Macquarie Group the largest negative contribution partly on account of going ex-dividends.



This graph shows how $100,000 invested at the Fund's inception has increased to $693,500 (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 $509,700 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	$ 2.6583	$ 2.6605
Withdrawal price	$ 2.6381	$ 2.6403
Distribution (31/03/2021)	$ 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 -4.5% for the month of May where Australia market underperformed its global peers. Inflation fear, interest rate hikes, slower global growth continued to occupy investors' mind. Australia election result was not a major surprise to the market but we do expect some post-election "budget repair" rhetoric from the new government. The Fund went backwards for the month. Return was positively assisted by holdings in the Material Sector: BHP (+ 4.4%), Amcor (AMC +8.5%) and Mineral Resources (MIN +9.1%). Interest rate hikes have negatively impacted a number of the higher growth names such as Macquarie Group (MQG -10.1%) and Goodman Group (GMG -14.3%). CSR (-23.9%) also suffered as market grappled with the housing and construction outlook in the midst of interest rate rise.

Few major banks reported in May and performed relatively well. In a rising rate environment, many believe banks will be able to price up the loans hence better profitability. The banks seemed relaxed about their credit quality – however we need to remember this is a highly leverage business. Labour shortage, cost escalation and competition will impact profitability. RBA's message remained hawkish, we are yet to witness any material change in consumer behaviour as disposable income is reduced (after higher mortgage repayment, higher food/utility cost etc) and potential loan default.

Going into FY23, uncertainty is given. Geopolitical tension, central bank tightening, wealth imbalance, inflation, climate change, pestilence – just to name a few. Interest rate direction is the key difference between this coming financial year and the past few years. Equity and credit market continue to assess the balance between inflation/interest rate/GDP growth.....Be prepared for any market volatility as economic data are released. We remain selective - sticking with companies with sustainable dividend yield and medium- term capital growth.

Top Contributors (Absolute)	Sector
BHP	Materials
Amcor	Materials
Mineral Resources	Materials

Top Detractors (Absolute)	Sector
Macquarie Group	Financials
Goodman Group	Real Estate
CSR	Materials

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

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