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Cash fund pays off for SMSFs

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Boutique fund manager Prime Value Asset Management's enhanced cash fund has topped the tables three years from inception, with many SMSF investors backing the strategy.

The Prime Value Cash Plus Fund is a low-risk, high-liquidity cash alternative that offers SMSFs performance above the Reserve Bank of Australia cash rate.

The fund invests in a diversified portfolio of prime or investment-grade income-producing securities.

It currently tops the "enhanced cash funds" table for performance over both one-year and three-year periods, delivering a 6 per cent net return, including franking credits, for the year to 30 August, and has returned 4.3 per cent net annually, including franking credits, since its inception in June 2014.

According to Cash Plus Fund portfolio manager Matthew Lemke, the strategy has proven popular with SMSF investors, along with high net worth investors, in addition to attracting funds from the not-for-profit sector.

"Our investors are looking for viable alternatives, which can outperform cash yet not compromise liquidity, or add risk," Lemke said today.

He added the fund offered something unique to SMSF investors by enabling access to securities only available to professional investors.

"Many investors and advisers can't access the markets we are trading in," he said.

"These are deep markets with a high level of liquidity."

He said the fund's ability to earn and distribute franking credits was also a big differentiator.

The Cash Plus Fund currently has over $60 million in funds under management and Lemke expects more interest following the strong three-year track record.

The investment manager said the fund is a testament to Prime Value's versatility, with the boutique first established as an Australian equities house in 1998.

The manager's ownership also includes property specialist Shakespeare Property Group, which has more than $1.2 billion under management.

Lemke noted Prime Value's experience across property, equities and now cash provides a full view of the market.

"There's strength in having these different perspectives through cash, equities and property," he said.

"We feel it may prevent us being blindsided by crossover effects, which can happen in markets."