

Prime Value Cash Plus Fund

Fund Update – August 2016



- The Fund had another good month in August with a net return of 0.98%
- The Fund benefited from a general rally in credit spreads, and in particular the unlisted wholesale securities issued by three major financial institutions, AMP, Bank of Queensland and Members Equity
- Credit, currency and commodity markets are reasonably quiet with low traded market volatility and risk levels, but a number of events over the next 3 months mean that we continue with our conservative risk-averse approach and strong cash balance

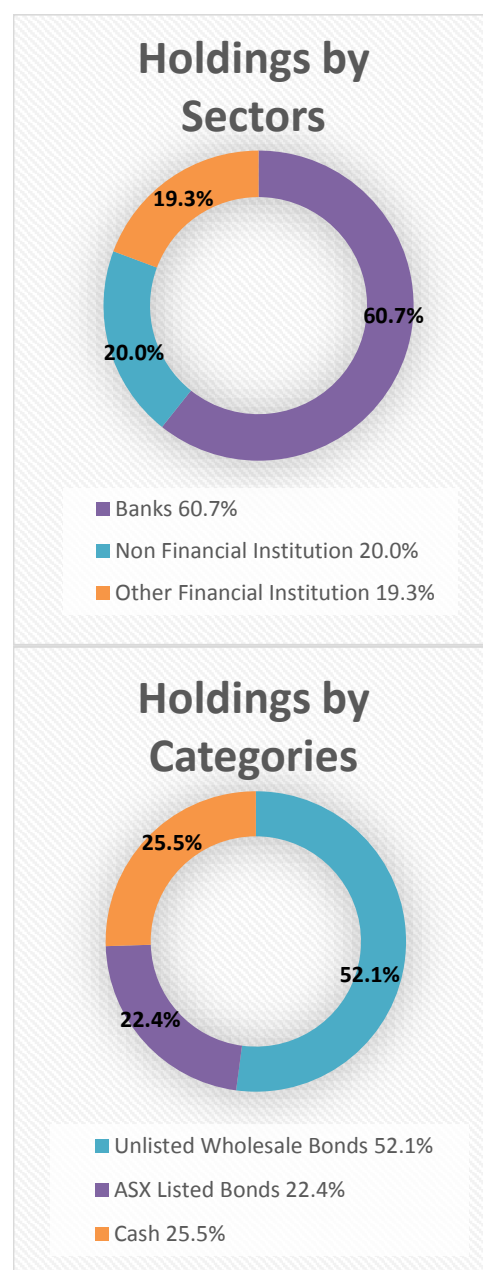
	Gross Return*	Net Return*	RBA Cash Rate
Since inception (pa)	3.84%	3.22%	2.13%
1 Year (pa)	4.01%	3.39%	1.90%
6 Months	3.98%	3.67%	0.90%
3 Months	2.05%	1.89%	0.42%
1 Month	1.03%	0.98%	0.13%

* Performance figures have been calculated in accordance with the Financial Services Council (FSC). No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. **The returns exclude the benefits of imputation credits.** Net returns are calculated after management fees. Gross returns are calculated before management fees.

Top five holdings	Sector	Category
AMP Limited	Other Fin Inst.	Unlisted Wholesale Bonds
Bank of Queensland	Banks	Unlisted Wholesale Bonds
PPP infrastructure assets	Non Fin Inst	Unlisted Wholesale Bonds
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ME Bank	Banks	Unlisted Wholesale Bonds

Feature	Fund facts
APIR Code	PVA0088AU
Portfolio Manager	Matthew Lemke
Investment objective	To provide regular income with low risk exposure. The Fund targets a return to investors in excess of the Reserve Bank of Australia's (RBA) cash rate with minimal risk of capital loss in the medium term.
Benchmark	RBA Cash Rate
Inception Date	3 June 2014
Interest Rate Reset Duration	Approx. 0.3 years
Distribution	Quarterly
Recommended investment period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% p.a ¹ .
Issue price	\$1.0165
Withdrawal price	\$1.0145

¹Unless otherwise stated, all fees quoted are inclusive of GST and the relevant RITC.



Fund review & strategy

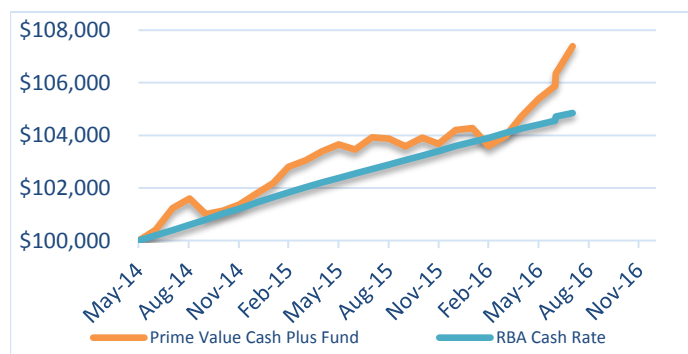
Credit, currency and commodity markets were reasonably quiet in August, with most of the market's focus on trying to anticipate whether current market settings fairly reflect the economic picture into the foreseeable future. Hence, markets have been focussing heavily on the listed corporate results that were reported, economic data from various countries, Fed Chair Janet Yellen's much-awaited speech at the Jackson Hole Symposium (to gauge if the US would hike rates at its September 21 FOMC meeting), the US presidential race, central bank activity/commentaries, and crude oil price movements (with oil having slumped almost 20% in July from the June high of around US\$51/barrel).

As it turned out, the events in August saw nothing particularly new and we saw crude oil's recovery back to the high \$40's/barrel and Janet Yellen's measured speech showing the Fed's awareness of risk factors.

We remain alert to potential market impacts in September especially as traded market volatilities in various markets have fallen to very low levels indicating a degree of complacency in risk assessment. We are vigilant to political developments in Australia as the new Federal Parliament sits (1st Sept), the US non-farm payrolls data release (the 2nd), the G-20 Summit in Hangzhou, China (3rd-4th), the RBA meeting (6th), the ECB Governing Council meeting (8th), the US Fed and Bank of England meetings (21st), and the OPEC meeting in Algeria (26th-28th).

Overall, whilst the credit and equity markets have stabilised since the Brexit vote, there are many factors at work that can disrupt markets and we continue with our strong cash position and risk-averse investment strategy.

Our objective at all times is to protect unitholder capital and maintain a regular distribution.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$107,390 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$104,850 over the same period.

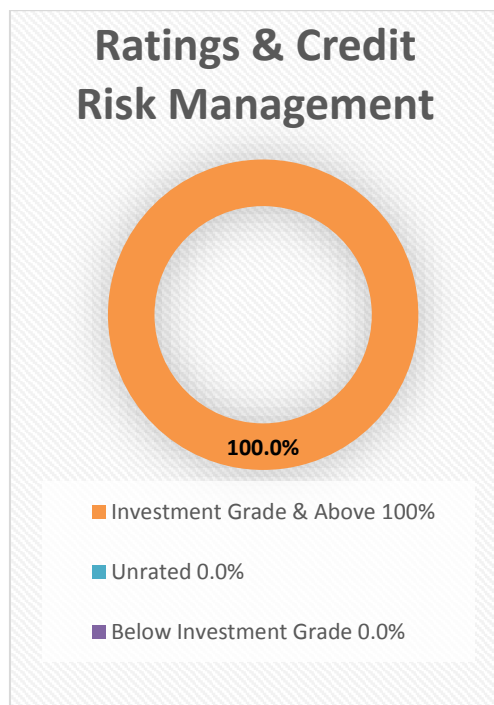
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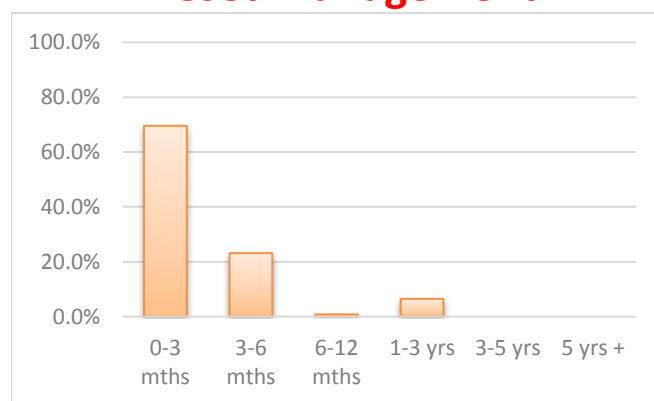
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Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.3 years. The majority of interest rates are reset every quarter. Securities with interest rates reset every quarter are not exposed to the risk of interest rate increases, unlike fixed rate