

Prime Value Cash Plus Fund

Fund Update – August 2017



- The Fund had a good month with all markets including credit markets range-bound despite some markets concerns arising from the missile and bomb testing by North Korea
- Our portfolio management continues to be defensive, maintaining a strong cash balance, reduced credit duration, and less invested in ASX-listed securities
- We expect the Fund to continue to perform well over the next 12 months

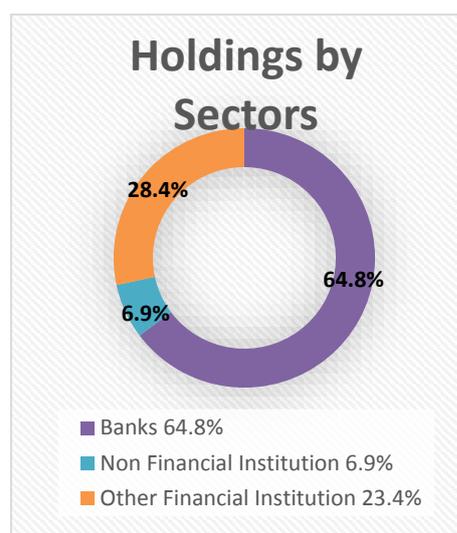
	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	4.4%	3.8%	4.3%	1.9%
3 Years (p.a.)	4.2%	3.6%	4.1%	1.9%
2 Years (p.a.)	4.8%	4.2%	5.0%	1.7%
1 year	5.7%	5.0%	6.0%	1.5%
3 Months	1.2%	1.0%	1.3%	0.4%
1 Month	0.3%	0.3%	0.3%	0.1%

* 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. 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 (Government Facility)	Non Fin Inst	Unlisted Wholesale Bonds
ANZ	Banks	Unlisted Wholesale Bonds
Vero Insurance	Other Fin Inst	Unlisted Wholesale Bonds

Feature	Fund Facts
APIR Code	PVA0009AU
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% ¹ p.a.
Issue price	\$1.0332
Withdrawal price	\$1.0312

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



Fund review & strategy

The Fund had a solid month with bond and equity markets range-bound, the AUD holding 0.7960, and crude oil holding US\$50/barrel.

Gold prices and the Chicago VIX index (measuring volatility of US S&P500 equity market) both pressed higher suggesting market risk is rising, possibly due to the missile launch and bomb testing by North Korea. This is raising concerns of a US or broader military reaction to North Korea. We are acutely aware of this risk and have positioned the Fund portfolio against any significant market moves should a conflagration emerge.

Interest rates remain low due to three factors: the RBA continuing to hold the Cash Rate steady at 1.50%, geopolitical events continuing to keep a "bid" tone to bond markets (ie tendency to lower rates), and the 'hunt for yield' theme. The next major inflation data is the September quarter CPI release due late October.

We expect to see credit and interest rate markets tame through the rest of 2017 although we are not complacent to the markets' historic tendency to suddenly and unexpectedly move to different levels.

We remain defensive in our approach to portfolio management to protect investor capital. We retain a strong cash balance, a shortened credit duration, and have reduce our percentage holding in ASX-listed stocks to around 25%, without affecting the Fund's return to investors nor the franking credit available to be distributed to investors. We expect the Fund to continue to perform well over coming months.

Contact details:

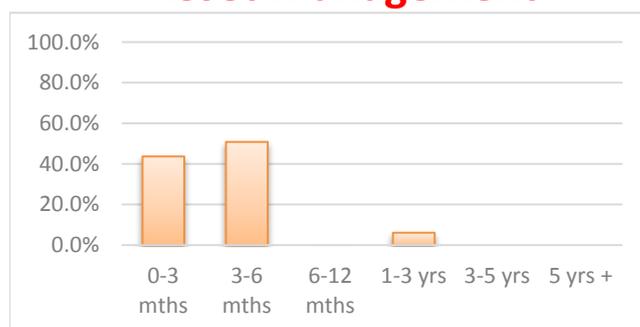
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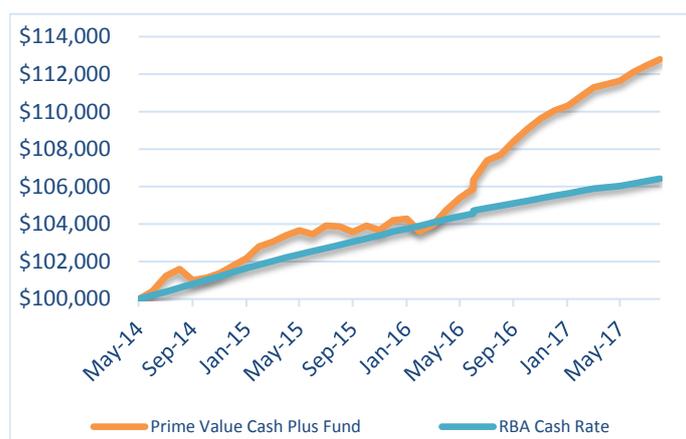
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Interest Rate Reset Management



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 investments.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$112,790 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$106,420 over the same period.

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