

# Prime Value Cash Plus Fund

## Fund Update - December 2015



- The announcement of long-anticipated rate hike by US Federal Reserve produced a "relief rally" in equity and credit markets
- Credit markets closed the year on a cautious note
- We remain defensive on asset allocation. A tactical build up in cash will allow for deployment when credit conditions settle

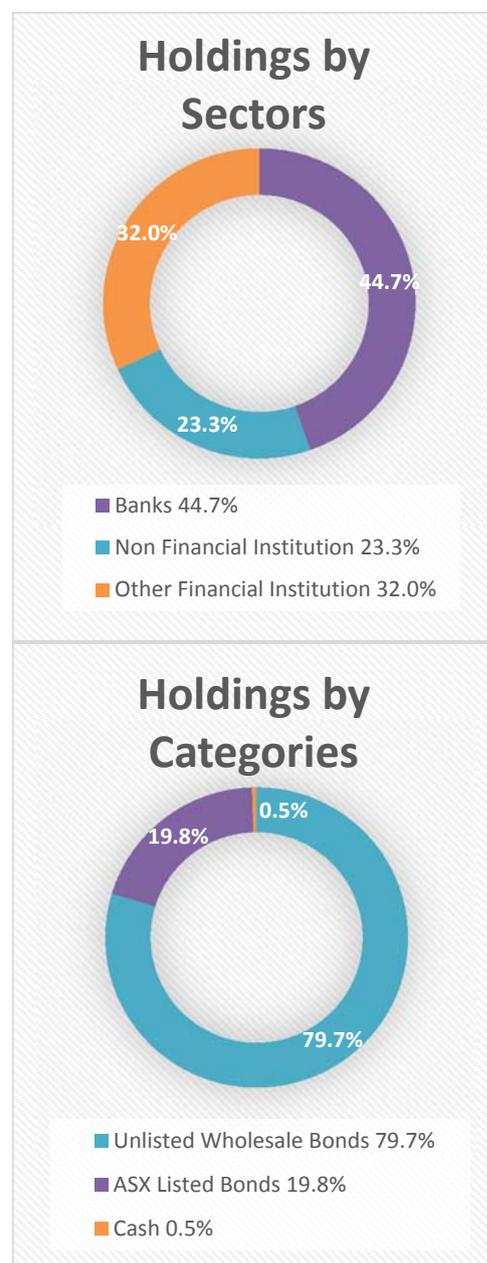
	Gross Return*	Net Return*	RBA Cash Rate
Since inception (pa)	3.24%	2.62%	2.24%
1 Year (pa)	2.98%	2.37%	2.11%
6 Months	1.00%	0.70%	1.00%
3 Months	0.73%	0.58%	0.50%
1 Month	0.53%	0.48%	0.17%

\* 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
ME Bank	Banks	Unlisted Wholesale Bonds
AMP Limited	Other Fin Inst.	Unlisted Wholesale Bonds
Bendigo Bank	Banks	Unlisted Wholesale Bonds
Bank of Queensland	Banks	Unlisted Wholesale Bonds
AXA	Other Fin Inst.	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. 3 months
Distribution	Quarterly
Recommended investment period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% p.a. <sup>1</sup> .
Issue price	\$0.9995
Withdrawal price	\$0.9975
Distribution (31/12/2015)	\$0.0050

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



## Fund review & strategy

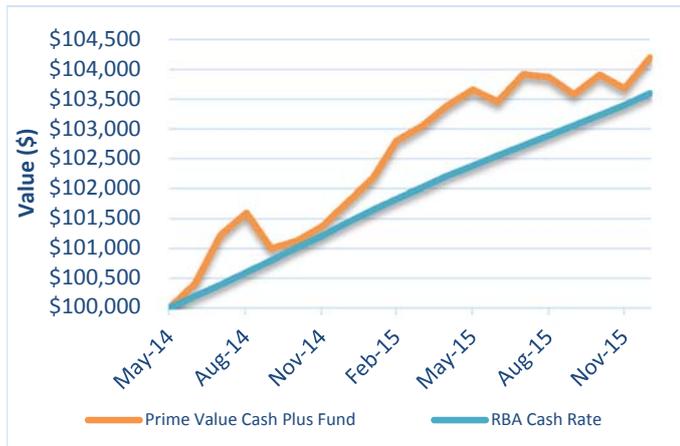
Markets focused on the long-anticipated rate hike by the US Federal Reserve, the first since 2006. US equity markets and global credit markets rallied with the hike but faltered on concerns the US economy could succumb to rising debt costs, further US dollar appreciation or falls in energy/commodity prices. Unlike US equities, the Australian equity market ended higher together with Chinese equity markets. It is worth noting however, that market moves in December can be superficial or exaggerated in the Christmas/New Year period.

We remain defensive in our asset allocations despite improved credit spreads. The rising cost of debt creates a more significant hurdle for weaker borrowers and hence we will strive to ensure funds are invested in securities that meet our strict investment criteria.

We remain committed to protecting investor capital. Hence, until credit conditions settle, we envisage a tactical build-up in our cash or near-cash balance.

We are closely watching the following events as they may affect credit markets:

- Major global funds and central bank activity
- Run-up to the US Presidential election (November)
- Details to be released of China's next 5-year plan
- Australian Federal Budget (May)
- Energy/commodity, bond and foreign exchange markets
- Various geopolitical events around the world.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$104,200 (net of fees). This compares favourably with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$103,600 over the same period.

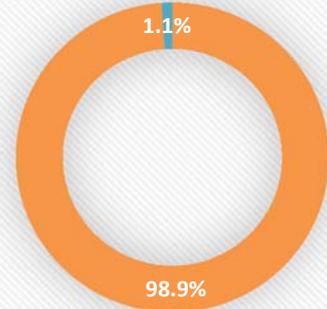
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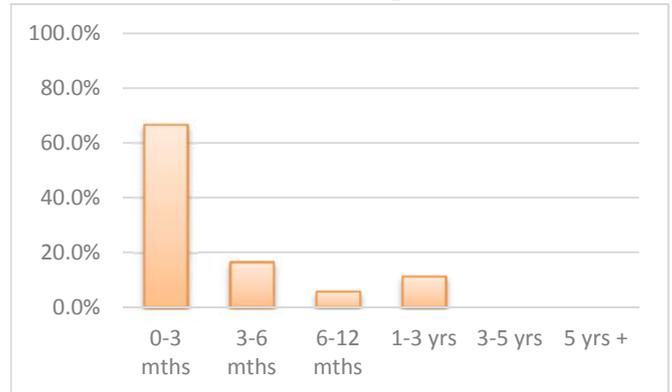
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## Ratings & Credit Risk Management



- Investment Grade & Above 98.9%
- Unrated 1.1%
- Below Investment Grade 0.0%

## Interest Rate Reset Management



The Fund's portfolio modified 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.

The information contained in this Fact Sheet is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Cash Plus Fund must obtain and read the Information Memorandum dated 2 June 2014 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Cash Plus Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.