

# Prime Value Cash Plus Fund

## Fund Update - July 2015



- Commodity, FX, credit, bond and equity markets were very volatile in July, with China stock market volatility and mixed economic data weighing on markets.
- The Fund had a positive month with minimal volatility in the unit price and delivered a monthly return of 0.44% (net).

	Gross Return*	Net Return*	RBA Cash Rate
Since inception (pa)	3.97%	3.35%	2.33%
1 Year (pa)	3.27%	2.66%	2.32%
6 Months	2.01%	1.70%	1.05%
3 Months	0.66%	0.51%	0.50%
1 Month	0.49%	0.44%	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
AMP Limited	Other Fin Inst.	Unlisted Wholesale Bonds
ANZ Bank	Banks	Term Deposits
Bendigo Bank	Banks	Unlisted Wholesale Bonds
ME Bank	Banks	Unlisted Wholesale Bonds
Reds Trust Series 2015	Non 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
Portfolio Duration	Approx. 3 months
Distribution	Quarterly
Recommended investment period	2 years +
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% p.a. <sup>1</sup>
Annualised Return	3.35%
Issue price	\$1.0045
Withdrawal price	\$1.0025

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



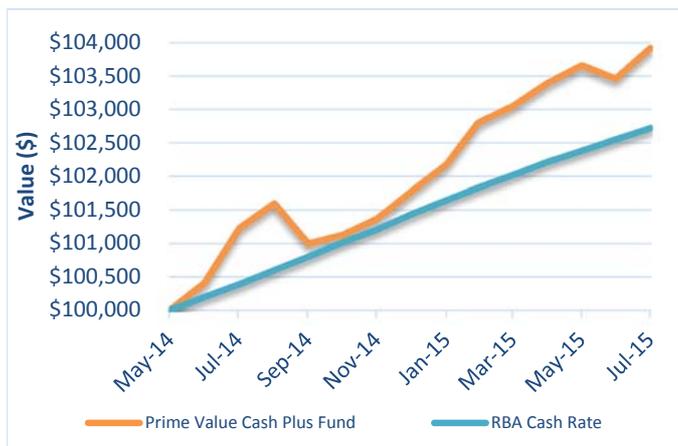
## Fund review & strategy

Global markets were very volatile during July, across equity, foreign exchange (e.g. the Australian Dollar), commodities (e.g. Brent oil back under US\$55/barrel) and bond/credit markets. The major investment theme revolves around the lack of uniformity of economic performance around the globe, and mixed views on market outlook. In the US we saw a respectable GDP (Q2) but data overall is not strong enough for a rate hike, and there is no clear signal on the hike timing. In the UK GDP (Q2) was up for the 10th straight quarter with the Bank of England flagging possible rate hikes, and NZ where official comments indicate a rate cut.

Despite these market movements, the Fund had a positive month with minimal volatility in the unit price and delivered a monthly return of 0.44% (net).

The Australian market is now pricing in a small rate cut and the AUD breached US73 cents for the first time since April 2009. Several Australian banks increased their investor lending rates and there was a large hybrid issue by Westpac indicating that banks will continue to address their loan books and capital ratios as a strong focus.

The Fund is risk-managing diverse market outcomes, whilst taking the opportunity to introduce higher yielding unlisted securities as opportunities emerge, without compromising our objective to preserve investor capital. The Fund added some franked securities, with a yield pick-up to the overall portfolio. We continue to watch economic releases and developments in Australia and globally, equity markets, matters affecting the management of bank capital, and central bank announcements.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$103,920 (net of fees). This compares favourably with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$102,720 over the same period.

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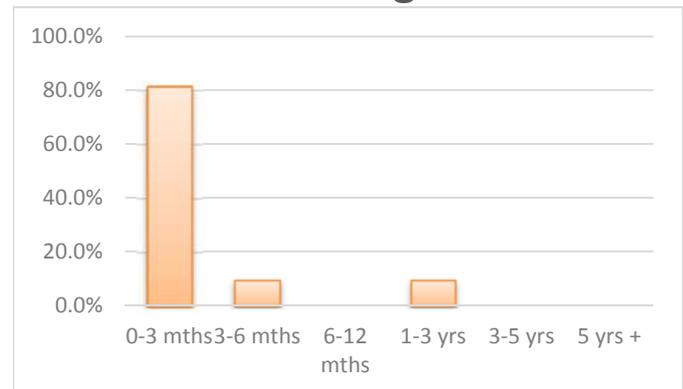
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## Ratings & Credit Risk Management



## 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.