

Prime Value Cash Plus Fund

Fund Update – July 2016



- The Fund again performed well in July, with a 0.44% net return.
- Credit, currency and equity markets recovered further from the Brexit vote
- We are managing the Fund with a higher cash balance to protect unitholders' capital against any renewed bouts of market volatility.

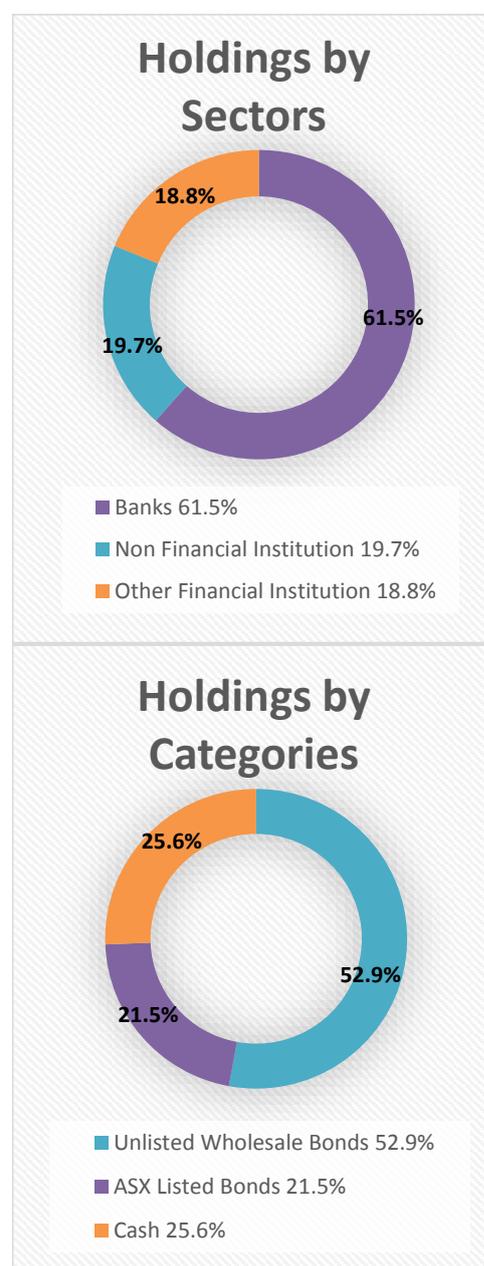
	Gross Return*	Net Return*	RBA Cash Rate
Since inception (pa)	3.50%	2.88%	2.15%
1 Year (pa)	2.95%	2.50%	2.13%
6 Months	2.29%	1.98%	0.93%
3 Months	1.68%	1.53%	0.44%
1 Month	0.49%	0.44%	0.15%

* 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	\$1.0066
Withdrawal price	\$1.0046

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



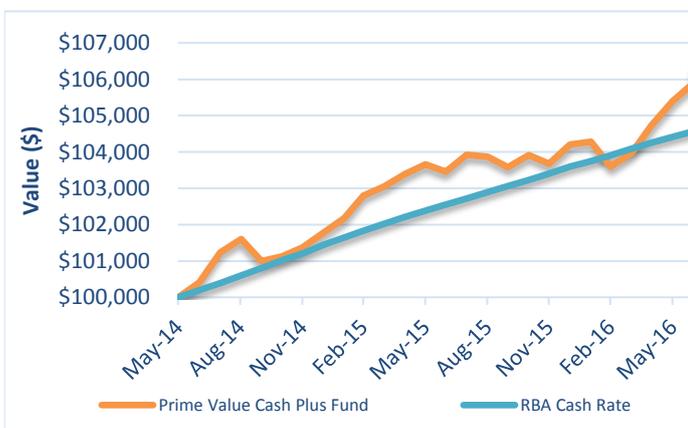
Fund review & strategy

The Fund had another good month. Global credit markets fared well with the recovery in global equity markets after their big falls following the Brexit vote on 23 June. This vote highlighted lingering issues in Europe and we continue to watch developments in European equity markets as they remain under pressure, particularly European banks.

We expect markets to be stable through August, but are wary of markets in September and October, particularly (1) the Federal Reserve Board meeting on 20 – 21 September where another rate hike could be announced (even though the market is ambivalent about this happening), (2) the Italian referendum in October on Senate reform where issues around the EU could again surface in the lead-up to the referendum reminding the market of the Brexit vote in June, and (3) the US Presidential election in November.

The market has stabilised but we are managing the Fund on the basis that there will be bouts of unexpected volatility. This volatility is exacerbated by the "politics of populism" around the world and combined with the massive central bank liquidity introduced globally over recent years subsequent to the GFC has produced high debt levels in many countries. These factors have in turn produced interest rates in many western industrialised countries that are at or near all-time lows, including Australia, and whilst helping markets, the prospects of market shocks has increased.

Given the prospect of further market volatility in coming months, we are maintaining reasonably high cash and 'near-cash' balances in the Fund. Our objective at all times is to protect unit holder capital and maintain a steady distribution.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$106,350 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$104,560 over the same period.

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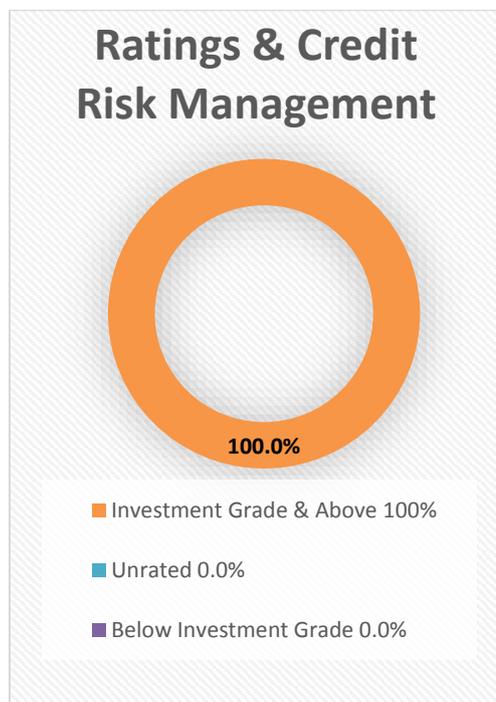
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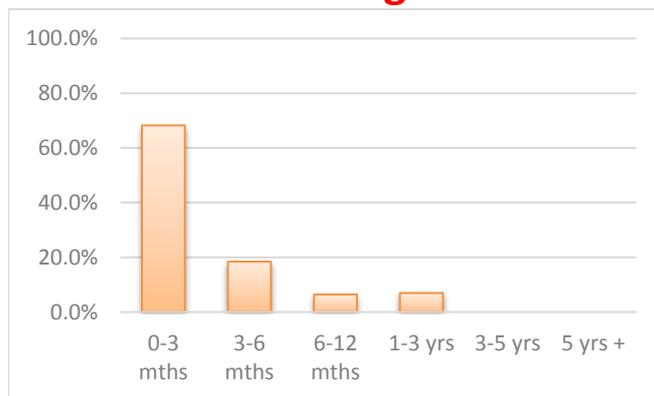
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Ratings & Credit Risk Management



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