

Prime Value Cash Plus Fund

Fund Update – July 2017



- The Fund had a good month with credit markets generally faring well despite some volatility in equity, commodity and foreign exchange markets
- Bond redemptions continued to create demand for existing issues, helping the Fund's investments
- Helping credit markets were comments from the bank regulator that indicated less bank capital will be required, together with the continued "hunt for yield" and risk aversion themes
- Our portfolio management is defensively positioned maintaining a strong cash balance, shorter credit duration and less investment in ASX-listed securities

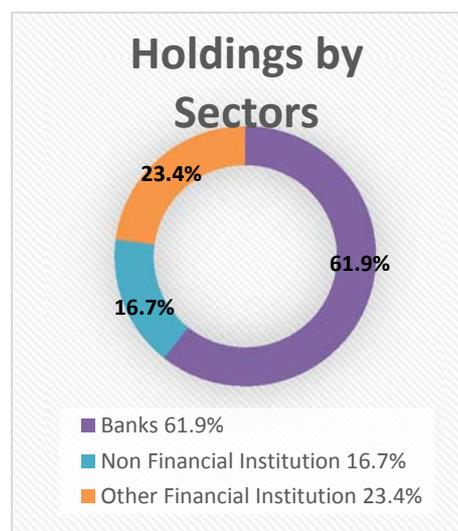
	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	4.4%	3.8%	4.3%	2.0%
3 Years (p.a.)	4.2%	3.6%	4.2%	2.0%
2 Years (p.a.)	4.7%	4.0%	4.9%	1.7%
1 year	6.4%	5.8%	6.7%	1.5%
3 Months	1.2%	1.1%	1.3%	0.4%
1 Month	0.4%	0.3%	0.3%	0.1%

* 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
PPP (Hospital)	Non Fin Inst	Unlisted Wholesale Bonds
ANZ	Banks	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	\$1.0302
Withdrawal price	\$1.0282

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 credit and equity markets reasonably quiet, and with the A\$ trading up to US\$0.80 cents and crude oil back to around US\$50/barrel.

In July there was a distinct absence of major headline geopolitical news. This lack of news was in strong contrast with previous months. We remain extremely vigilant to market "surprises", and negative economic and financial market events that might impact the credit market, and place high emphasis on due diligence and credit analysis of the stocks that we have invested in.

Bond markets were again busy with new bond issuance but all sold well indicating continued strong investor participation in new issues.

Helping the credit market was a statement from the bank-regulator APRA that the bank capital requirements would be lower than expected. This helped bank debt/hybrid securities in particular and in turn helping the Fund.

The bond market was also assisted overall by the US Federal Reserve not raising rates in July and the market feeling the Fed may not hike as much as previously thought. Locally, the June quarter CPI was slightly less than expected suggesting the RBA would be on hold and not move to raise rates any time soon.

As interest rates stay low, we do not see any change in the 'hunt for yield' theme. The benign CPI release in July for the June quarter supports this theme. Several geopolitical situations still remain unresolved and so we also expect the 'risk aversion' theme to continue to support credit markets and the Fund's investments.

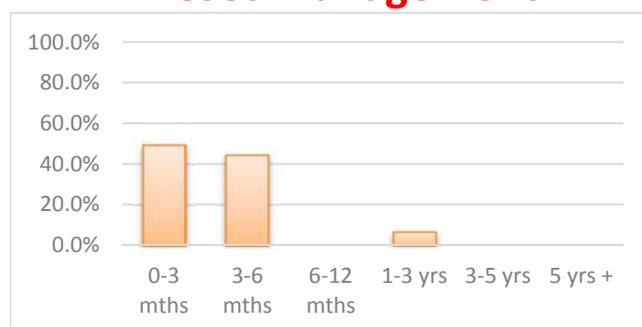
We remain defensive in our approach to funds management to protect investor capital. We have completed our strategy to shorten the credit duration of the Fund, and reduce our percentage holding in ASX-listed stocks, without affecting the Fund's return to investors nor the franking credits available to be distributed to investors. We expect the Fund to continue to perform well over coming months.

Contact details:

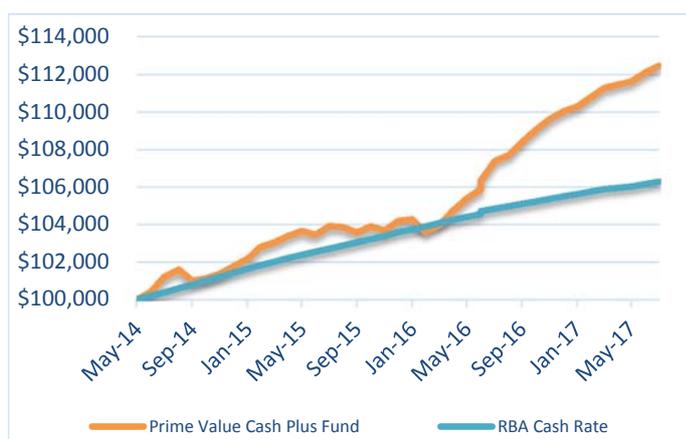
Phone: 03 9098 8088
Fax: 03 9098 8099
Email: info@primevalue.com.au

Interest Rate

Reset Management

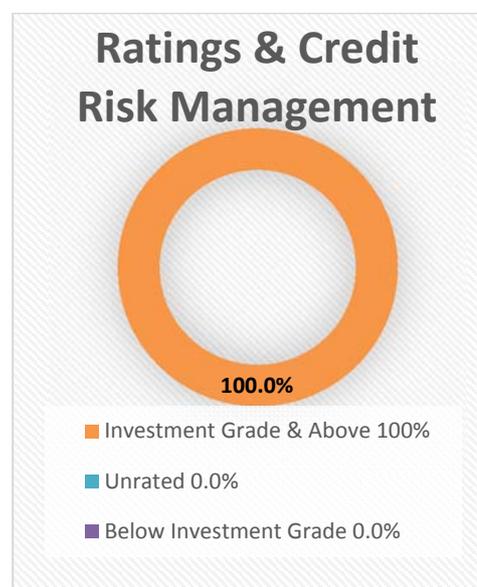


The Fund's portfolio weighted average interest rate reset duration is approximately 0.3 years. The majority of interest rates are reset every quarter. Securities with interest rates reset every quarter are not exposed to the risk of interest rate increases, unlike fixed rate investments.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$112,470 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$106,290 over the same period.

Ratings & Credit Risk Management



Mail:

Prime Value Asset Management Ltd
Level 9, 34 Queen Street
Melbourne VIC 3000
Web: www.primevalue.com.au

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