

Prime Value Cash Plus Fund

Fund Update – June 2016



- The Fund performed very well despite market conditions being extremely unstable after the Brexit vote (23 June)
- The Fund switched to a substantial cash position prior to the Brexit vote anticipating the market volatility
- Market volatility the 'new norm' and we will continue to manage investor funds on a defensive basis

	Gross Return*	Net Return*	RBA Cash Rate
Since inception (pa)	3.40%	2.78%	2.17%
1 Year (pa)	2.95%	2.34%	1.97%
6 Months	1.93%	1.63%	0.95%
3 Months	1.99%	1.83%	0.46%
1 Month	0.51%	0.46%	0.14%

* 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
Defence related PPP	Non Fin Inst	Unlisted Wholesale Bonds
Hospital related PPP	Non Fin Inst.	Unlisted Wholesale Bonds
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. 3 months
Distribution	Quarterly
Recommended investment period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% p.a ¹ .
Issue price	\$1.0056
Withdrawal price	\$1.0036
Distribution (30/06/2016)	\$0.0034

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



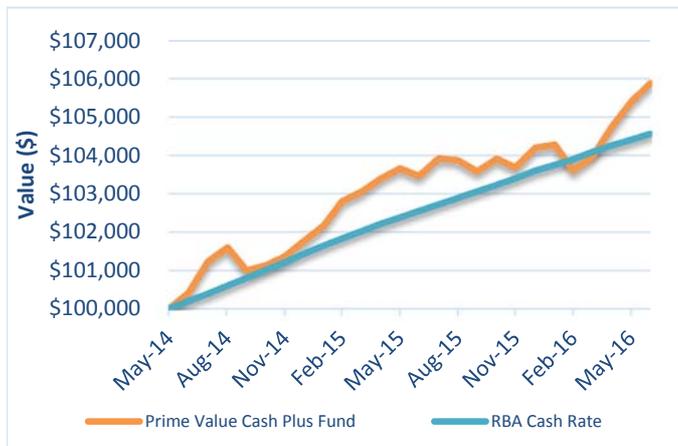
Fund review & strategy

In the month of June, the Fund performed very well with the Fund's unit price even increasing over the month despite global markets experiencing severe volatility particularly in the wake of the Brexit referendum vote on Thursday 23 June with the vote outcome surprising the market (UK voting to exit the EU after 43 years of being in the EEC).

The initial market move after Brexit was severe but most markets recovered into 30 June. European equity markets were still well down as markets felt that real questions still existed around the future of the EU, the euro currency and the Eurozone. Credit markets and debt/credit spreads felt the brunt of the Brexit vote but these markets also recovered by 30 June. Fortunately we took the Fund's portfolio to a strong cash position in the lead up to the Brexit vote which significantly helped the Fund's performance.

Overall, although markets have settled down, we feel that volatility is the "new norm" and that there will be future occasions when the same level of volatility returns especially as political events in various countries take centre stage with the rise of "populism" in many western countries becoming more common.

Therefore, we continue to adopt a defensive strategy to the investment of funds under management and watching developments in political and economic spheres. We continue to invest mainly in short-dated prime bank securities to ensure investor capital is preserved and distributions are paid with an increasing imputation credit/franking content on a quarterly basis to investors.

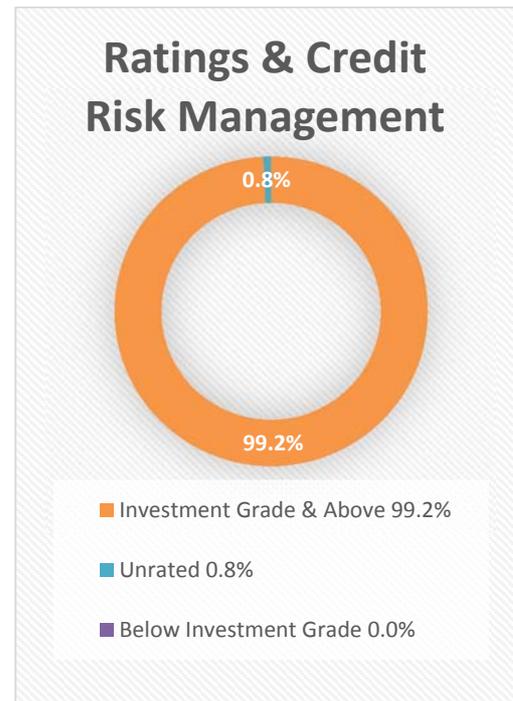


This graph shows how \$100,000 invested at the Fund's Inception has increased to \$105,880 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$104,560 over the same period.

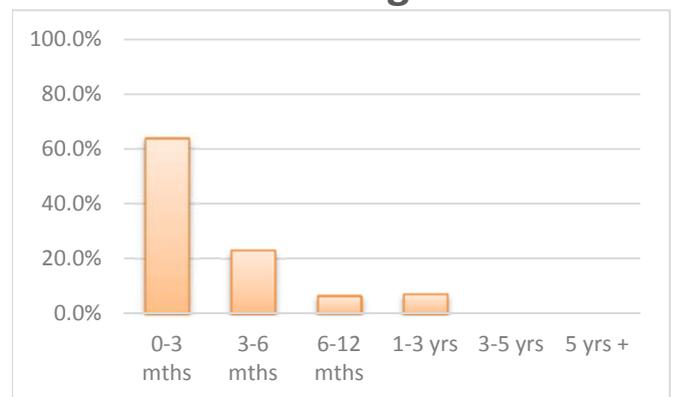
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Ratings & Credit Risk Management



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.

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