Prime Value Cash Plus Fund
Fund Update – March 2017

- The Fund performed well in the month of March
- Markets were generally steady in March with equity markets performing well especially in the second half of the month, and bond markets staging a small rally. Credit markets performed well and easily absorbed the large volume of new debt issuance in the senior and subordinated markets
- The March quarter CPI release on 26 April is the next major data release in Australia ahead of the Federal Budget in May

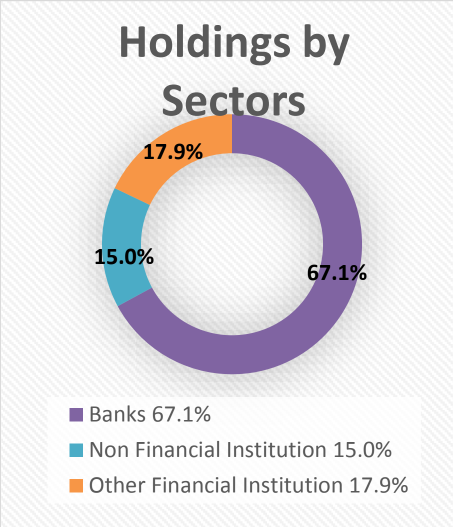
	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	4.3%	3.7%	4.2%	2.0%
2 Years (p.a.)	4.3%	3.7%	4.4%	1.8%
1 year	7.2%	6.5%	7.5%	1.6%
3 Months	1.2%	1.1%	1.2%	0.4%
1 Month	0.5%	0.4%	0.6%	0.1%

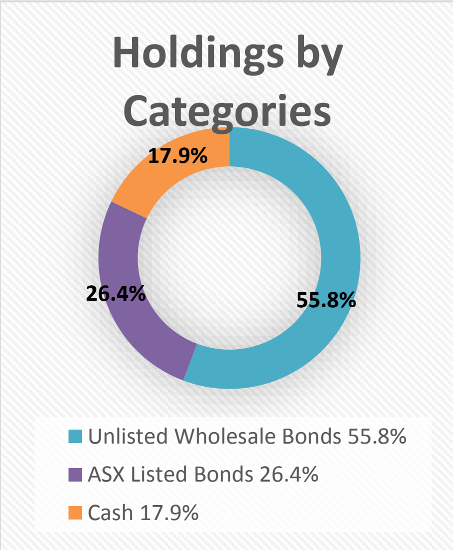
* Performance figures have been calculated in accordance with the Financial Services Council (FSC). No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are calculated after management fees. Gross returns are calculated before management fees.
**Returns grossed up for Franking Credits are estimates.

Top five holdings	Sector	Category
AMP Limited	Other Fin Inst.	Unlisted Wholesale Bonds
Bank of Queensland	Banks	Unlisted Wholesale Bonds
PPP (Gov't facility)	Non Fin Inst	Unlisted Wholesale Bonds
ME Bank	Financial	Unlisted Wholesale Bonds
PPP (Hospital)	Non Fin Inst	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	$1.0332
Withdrawal price	$1.0312

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





Fund review & strategy

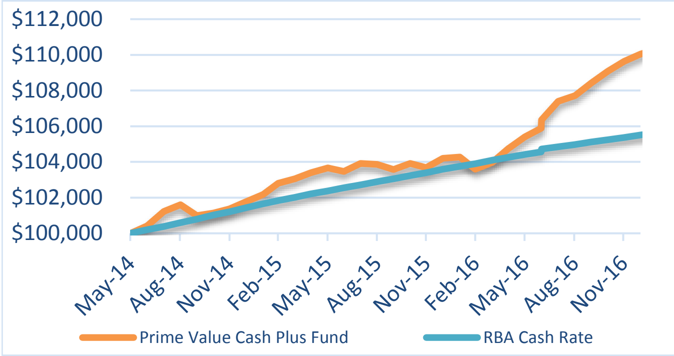
The Fund performed well in March. Equity and bond markets staged small rallies, with commodity (gold, oil, and base metals) and the Australian dollar broadly remaining steady.

The profit-taking in credit markets seen in February paused. The strength of credit markets was seen in the large number of new issues being easily absorbed. New debt issues included three new hybrid issues by major financial institutions (CBA, Challenger and Suncorp). These issues were all over-subscribed indicating solid investor participation.

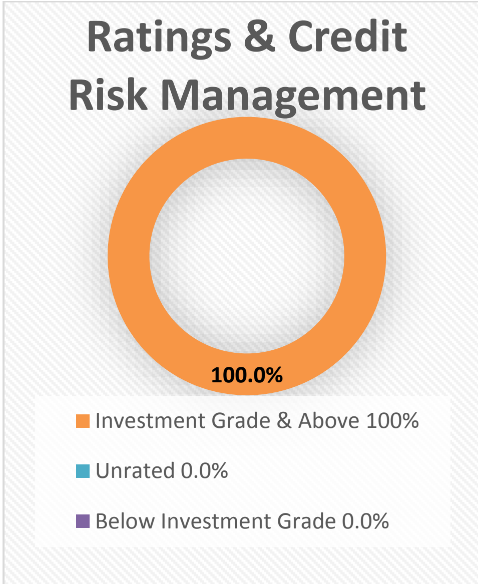
The market's expectation for the RBA cash rate to stay steady at its historic low of 1.5% is continuing to underpin the "hunt for yield" theme in credit markets.

The market believes there will be another two rate hikes in the US this year but is not pricing in any move by the RBA. The "deflation vs. reflation" conversation is continuing to be debated by market participants. Economists are divided about whether the winding back of easy monetary conditions introduced post-GFC (2008) will offset fiscal stimulus in Australia, the US, Europe, the UK, China and Japan. Inflation has increased in the US and Australia but there is certainly no "breakout" being seen in actual inflation data or market implied/ expected inflation. In this regard, the March quarter CPI release (26 April) is a key focus for us, and further afield the Federal Budget in May. A key aspect for markets will be whether the Federal government will push debt outstanding's over the $500 billion ceiling.

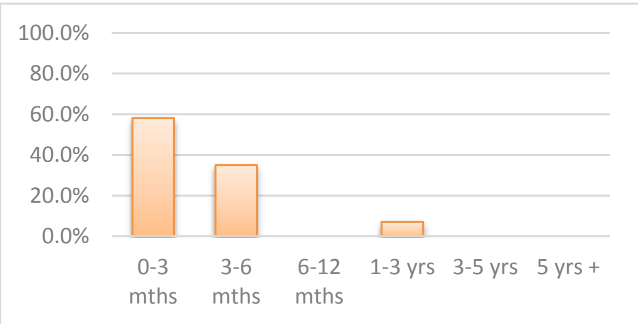
We expect the Fund to continue to perform well. We are keeping the interest rate duration of the portfolio low (3 months) and have reduced the credit duration of the Fund to 2.0 years. We are defensively invested, maintain a reasonably large cash holding, and continue to build the pool of franking credits that can be distributed to investors.



This graph shows how $100,000 invested at the Fund's Inception has increased to $110,780 (net of fees). This compares with the return of the RBA cash rate, where a $100,000 investment would have increased to $105,760 over the same period.



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.

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