Prime Value Cash Plus Fund
Fund Update – November 2017

- The Fund had a strong month as global equity and credit markets were again buoyant
- We continue to be defensive, maintaining a strong cash balance and low interest rate duration. In the past month, we have strategically reduced our credit duration and lowered our weightings in ASX-listed debt/hybrid securities
- We expect the Fund to continue to perform well over the next 12 months

	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	**4.4%**	**3.8%**	4.4%	1.9%
3 Years (p.a.)	**4.6%**	**3.9%**	4.6%	1.8%
2 Years (p.a.)	**5.4%**	**4.8%**	5.7%	1.6%
1 year	**5.0%**	**4.4%**	5.4%	1.5%
3 Months	**1.1%**	**1.0%**	1.2%	0.4%
1 Month	**0.3%**	**0.3%**	0.3%	0.1%

* Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. 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.

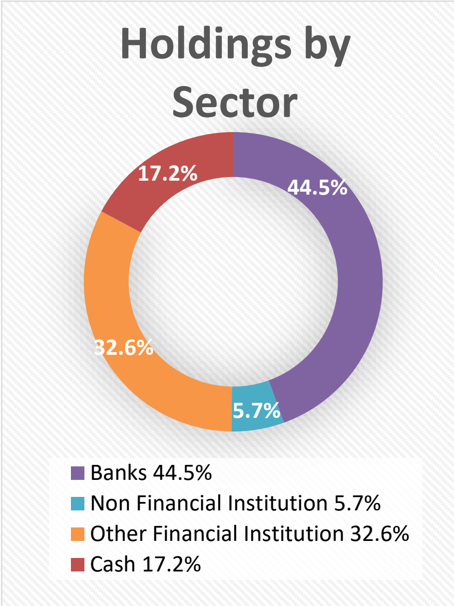
**Returns grossed up for Franking Credits are estimates.

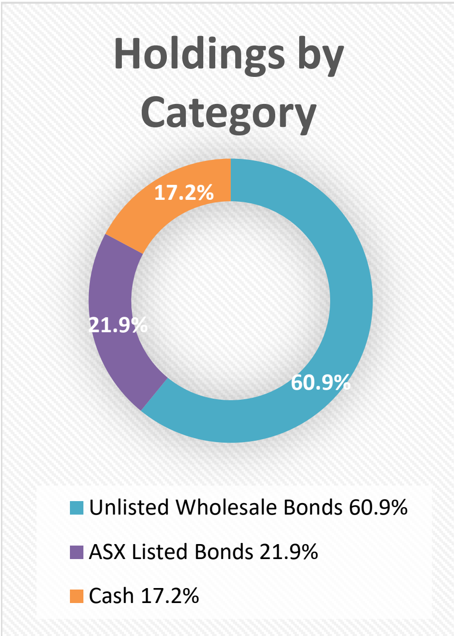
Top five holdings	Sector	Category
AMP Limited	Other Fin Inst.	Unlisted Wholesale Bonds
Bank of Queensland	Banks	Unlisted Wholesale Bonds
PPP (Government Facility)	Non Fin Inst	Unlisted Wholesale Bonds
ANZ	Banks	Unlisted Wholesale Bonds
ME Bank	Other Fin Inst	Unlisted Wholesale Bonds

The top five holdings make up approximately 46.7% of the portfolio.

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. 0.48 years
Distribution	Quarterly
Recommended Investment Period	1 + year
Minimum Investment	$50,000
Indirect Cost Ratio (ICR)	0.60%[1] p.a.
Issue price	$1.0329
Withdrawal Price	$1.0309
Distribution (30/09/17)	$0.0075

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





Fund review and strategy

The Fund had a strong month with global credit, bond and equity markets continuing their good performance. US equity markets ended the month at new all-time highs while the Australian ASX200 index rallied past 6,000 before ending the month just shy of this level.

On November 30 the Prime Minister's announcement of a Royal Commission into "alleged misconduct" of Australian banks and other financial service entities. While there will be increasing political and regulatory scrutiny of banks, the market response suggests comfort that returns will not be hampered given the limited terms of reference to conduct and consumer redress. This does not mean that other inquiries by the Productivity Commission and ACCC will not affect bank profitability, as these inquiries will have scope into competition, pricing, and macro-prudential regulation.

The market took comfort from the speech by Jonathan Kearns, the Head of Financial Stability at the Reserve Bank of Australia (RBA), into the Australian property market. Banks have historically experienced substantial losses on their commercial property lending due to its large cycles, while residential mortgages account for a very large share of banks' lending in Australia. Despite the concerns of some, the RBA highlighted that banks are currently experiencing an extremely low loan default rate on their retail and commercial property-related debt. The RBA concluded that it did not see any significant issues for overall financial stability from the property market, but was keeping a watch on it.

Bond yields were lower, helped by news that the RBA downgraded its Australian growth outlook, suggesting a longer delay in any rate hikes. Significant bond issuance domestically and overseas showed strong investor sentiment towards bond markets.

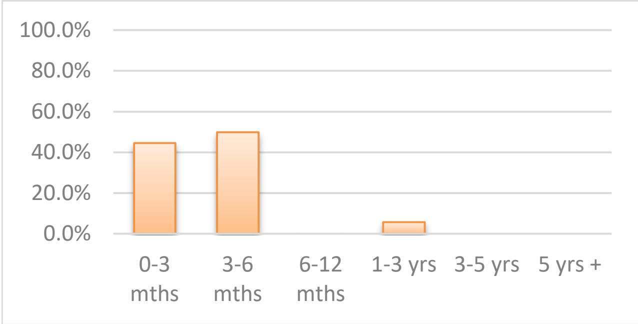
Despite the strength in equity, commodity, real estate, and credit markets, we are very mindful that markets can turn quickly. This could result from an unexpected geopolitical event, while other key risks include a failure of US President Trump's tax reforms to pass both Houses or a more pronounced trend to higher global and domestic interest rates.

We continue to monitor economic data, markets, and a number of risk indicators closely to gauge any "sea change" in investor sentiment. Current risk indicators are favourable to markets but we are watching them closely.

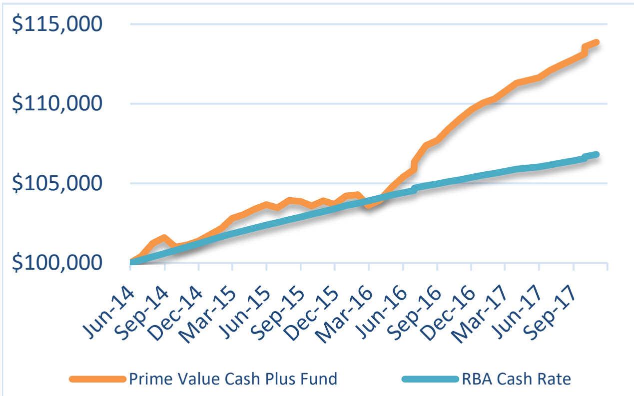
The portfolios maintain a defensive stance, with a strong cash balance and a short interest rate reset frequency (duration). We have taken recent steps to further reduce our credit (maturity) duration and percentage holdings in ASX-listed stocks, in favour of less volatile and more liquid securities in the wholesale/unlisted market.

We expect the Fund to continue to perform well over coming months.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.48 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 $113,870 (net of fees). This compares with the return of the RBA cash rate, where a $100,000 investment would have increased to $106,820 over the same period.

Contact details:
Esther Oh, Julie Abbott & Serena Shi.
Client Services Team
Phone: 03 9098 8088
Fax: 03 9098 8099
Email: info@primevalue.com.au

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