

# Prime Value Cash Plus Fund

## Fund Update - October 2015



- Markets sustain mild recovery after turbulence of September with liquidity at a premium as year-end approaches
- Fund strategy is to continue to protect investor capital and provide investors a reasonable margin over the RBA cash rate

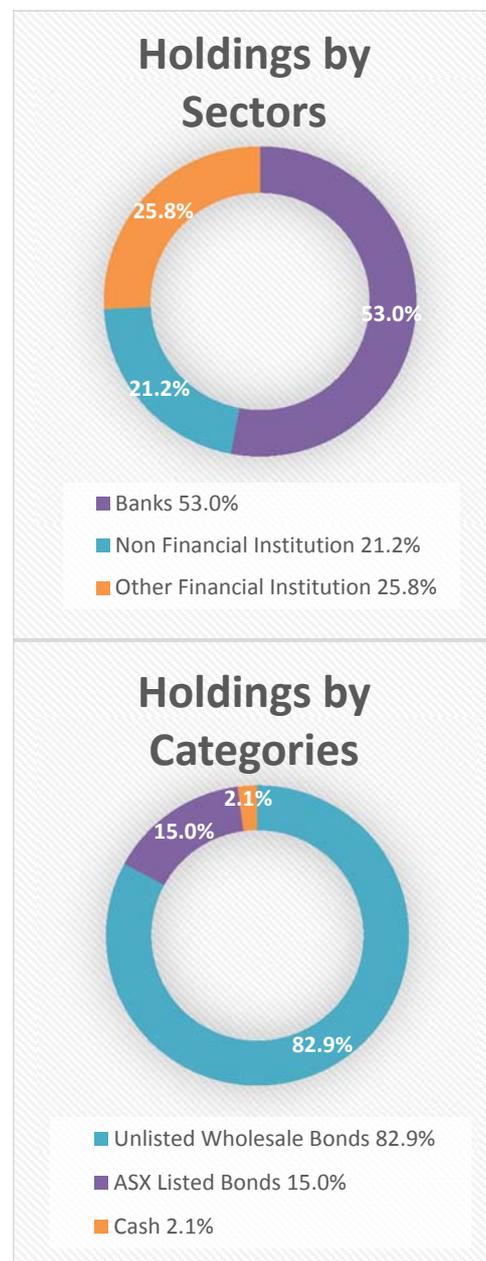
	Gross Return*	Net Return*	RBA Cash Rate
Since inception (pa)	3.36%	2.75%	2.27%
1 Year (pa)	3.37%	2.75%	2.19%
6 Months	0.80%	0.50%	1.01%
3 Months	0.14%	-0.01%	0.50%
1 Month	0.37%	0.32%	0.17%

\* 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
ME Bank	Banks	Unlisted Wholesale Bonds
AMP Limited	Other Fin Inst.	Unlisted Wholesale Bonds
Bendigo Bank	Banks	Unlisted Wholesale Bonds
Bank of Queensland	Banks	Unlisted Wholesale Bonds
AXA	Other Fin Inst.	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. <sup>1</sup>
Issue price	\$0.9969
Withdrawal price	\$0.9949
Distribution (30/09/2015)	\$0.0075

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

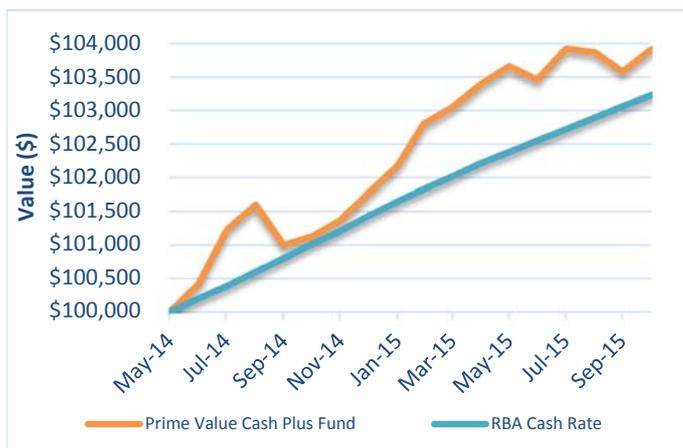


## Fund review & strategy

Markets overall stabilised in October from the large falls recorded in many markets during September. Equities globally staged a major rally – defying the so called ‘October effect’. The Australian dollar closed higher (up 1.1 cents to USD 0.7130) despite easing back late in the month, reflecting weaker domestic inflation data and higher mortgage rates by the major banks (up 0.15 – 0.20%).

Bond markets however were generally under pressure with yields tracking higher although in Australia bond yields were stable to down as the market gave a higher probability to a rate cut by the Reserve Bank of Australia. This view strengthened after the major banks raised some of their customer interest rates. This was seen as negatively impacting consumer demand. The rally in credit markets was not as significant as equity markets due to some corporate and bank listed and unlisted bond issuance. There was also wariness that banks in Australia will continue to issue capital-related securities to bolster their capital ratios. This view gained ground when two of the major banks announced major rights issues.

We are particularly mindful that markets may become less liquid as we approach year-end especially after the volatility seen in global markets over the past 1-2 months. We are taking steps to ensure our investment portfolio is able to withstand market volatility over coming months.



This graph shows how \$100,000 invested at the Fund’s Inception has increased to \$103,910 (net of fees). This compares favourably with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$103,230 over the same period.

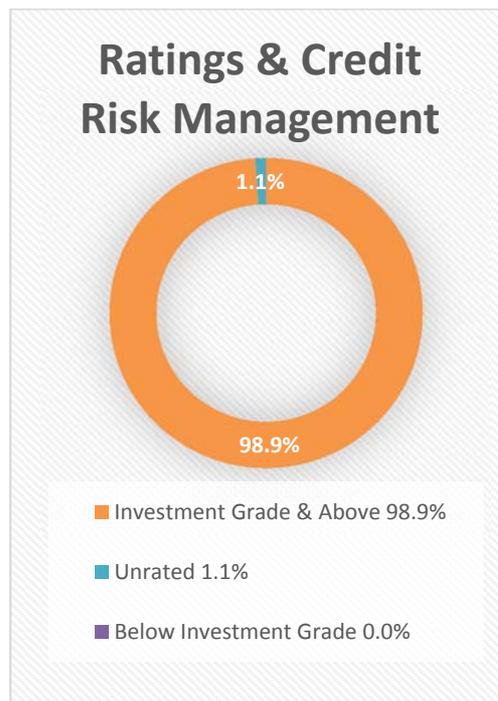
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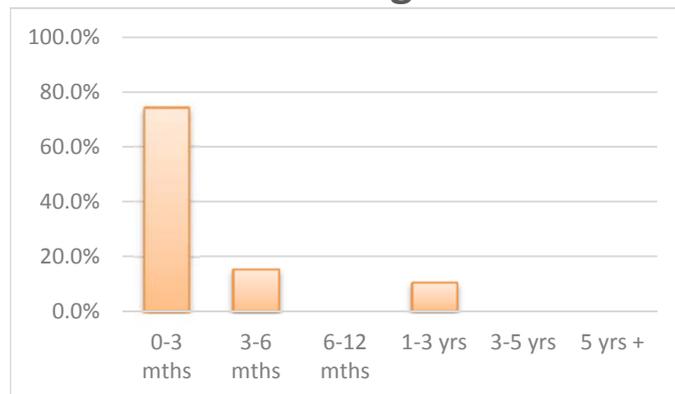
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## Interest Rate Reset Management



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.