

Prime Value Cash Plus Fund

Fund Update – September 2016



- The Fund again performed well in September, net return of 1.73% and 1.96% include franking credits for the quarter.
- Markets in September experienced day-to-day volatility, but over the month market conditions were stable and "risk friendly" with the "hunt for yield" still a dominant the theme
- We are mindful of further meetings of the RBA and central banks in G-7 countries particularly the US and alert to any unexpected change in policy

	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (pa)	3.72%	3.23%	3.67%	2.10%
2 Years	3.72%	3.25%	3.75%	2.05%
1 year (pa)	4.31%	3.99%	4.79%	1.86%
3 Months	1.58%	1.73%	1.96%	0.40%
1 Month	0.05%	0.30%	0.52%	0.12%

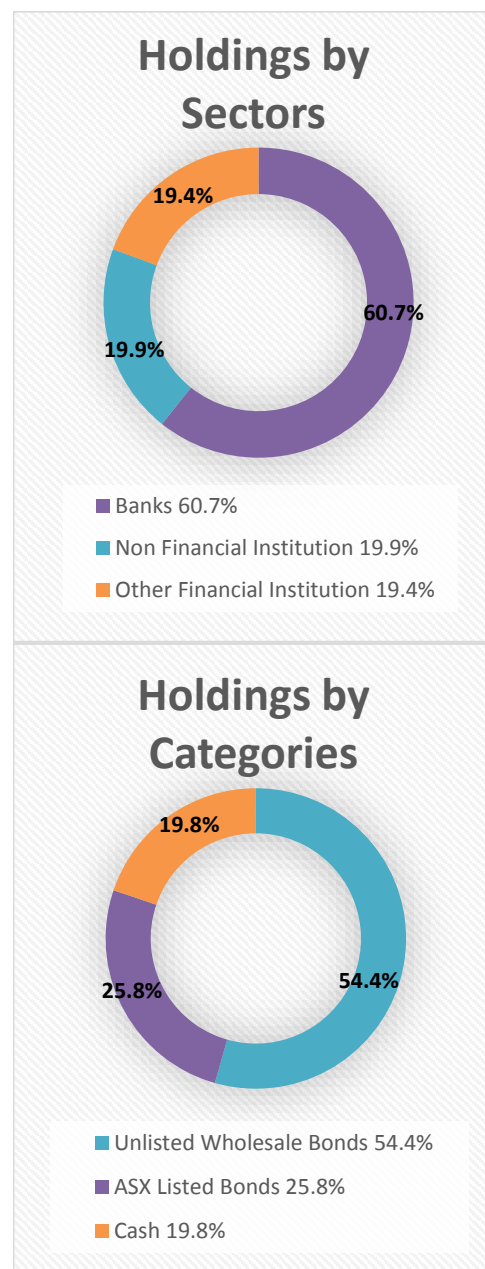
* Performance figures have been calculated in accordance with the Financial Services Council (FSC). No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are calculated 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 infrastructure assets	Non Fin Inst	Unlisted Wholesale Bonds
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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. 0.3 years
Distribution	Quarterly
Recommended investment period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% p.a ¹ .
Issue price	\$1.0195
Withdrawal price	\$1.0175

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



Fund review & strategy

Market conditions were conducive to the Fund continuing its good performance in September.

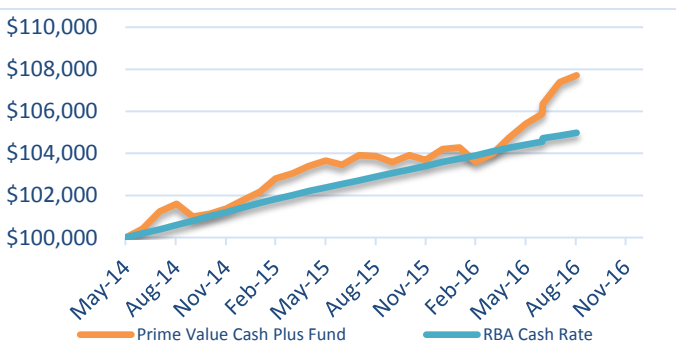
Markets were characterised by day-to-day volatility, but overall buyers and sellers were reasonably balanced and markets were stable during the month.

There was considerable commentary over the RBA and European Central Bank easing rates, and the US Federal Reserve raising rates, but all three central banks kept their monetary policy settings steady in September. The Bank of Japan was extremely measured in its policy response and markets took their plan well. The A\$ and oil price were both volatile but ended the month marginally higher assisted by OPEC's late-month decision to cut output modestly.

Credit conditions in September allowed new senior and subordinated debt supply to be readily absorbed by the market. Credit spreads fell slightly with investors seeing credit risk as a lower order priority to the "hunt for yield". Other "risk" indicators generally suggest investors are content with their asset allocations at the moment.

Prime Value continues to adopt a defensive approach to Fund investments, particularly with year-end beginning to approach, further central bank meetings, the constitutional reform referendum in Italy that could revive similar issues to Brexit in the UK, and the US presidential election in November. Markets are still trying to grapple with the implications of the starkly different policies of both candidates as opinion polls suggest a very close race, against the backdrop of a potentially hostile lower house.

We continue with our strong cash position and managing the Fund assets to lower duration/maturities and building the franking credit reserve. We are alert to credit conditions in the market with our principal objective to protect and steward Investor capital.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$107,710 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$104,980 over the same period.

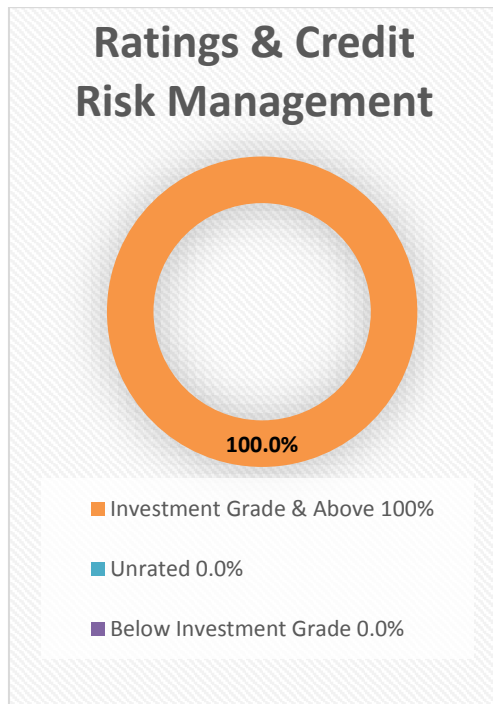
Contact details:

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

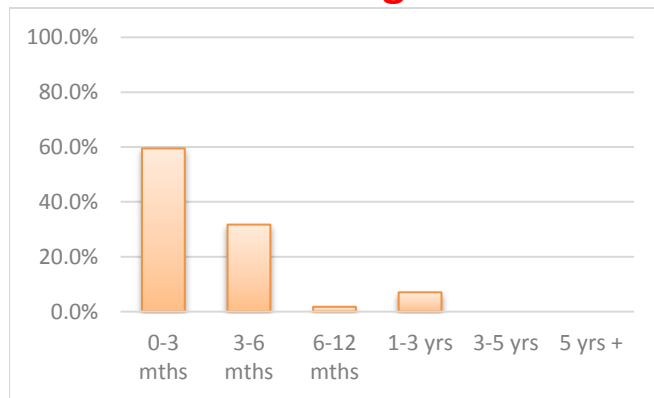
Mail:

Prime Value Asset Management Ltd
 Level 9, 34 Queen Street
 Melbourne VIC 3000

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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