

Prime Value Cash Plus Fund

Fund Update – April 2019



- The Fund had an extremely good performance in April
- With benign equity, bond and credit markets, we have allowed the Fund's credit duration to lengthen
- We expect the Fund to continue to perform well throughout 2019

	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	4.1%	3.5%	4.1%	1.8%
3 Years (p.a.)	4.8%	4.2%	5.0%	1.5%
2 Years (p.a.)	3.8%	3.2%	3.9%	1.5%
1 year	3.8%	3.2%	3.7%	1.5%
3 Months	1.4%	1.2%	1.3%	0.4%
1 Month	0.6%	0.6%	0.6%	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.

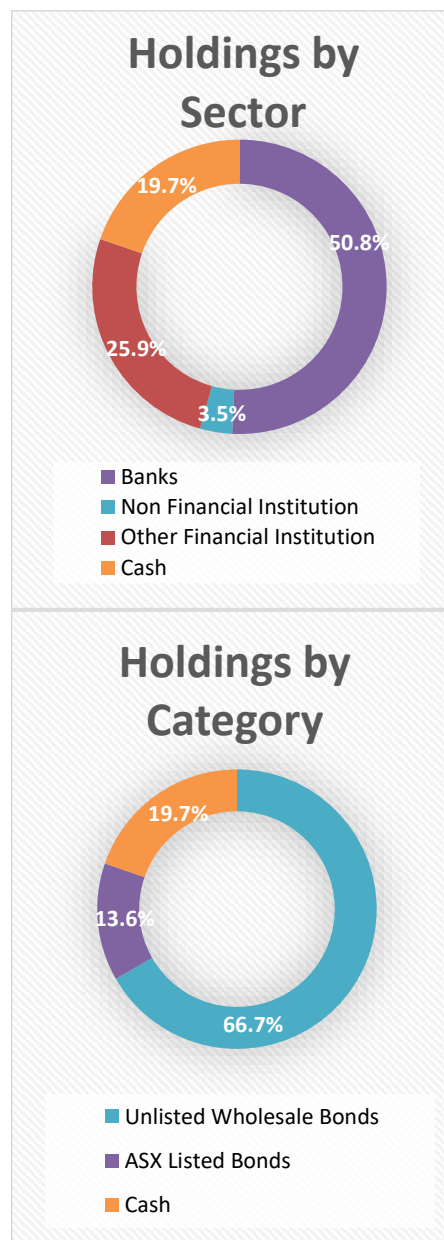
**Returns grossed up for Franking Credits are estimates.

Major Holdings	Sector	Category
NAB	Banks	Wholesale Notes
Westpac	Banks	Wholesale Notes
CBA	Banks	Wholesale Notes
ANZ	Banks	Wholesale Notes
Bank of Queensland	Banks	Wholesale Notes

The top five holdings make up approximately 31.9% 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. 0.40 years
Distributions	Quarterly
Recommended Investment Period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% ¹ p.a.
Issue price	\$1.0283
Withdrawal Price	\$1.0263
Distribution (31/03/19)	\$0.0075

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



Fund review and strategy

US equity markets traded to all-time highs. The Australian stock market was not quite as strong but not far from its all-time high reached in October 2007 just as GFC was breaking.

Credit markets were also benign with credit spreads stable to lower, with the market comfortably absorbing a lot of new debt issuance. Locally, the “hunt for yield” is noticeably beginning to come to the fore again, especially with the very weak inflation (1.3% year-on-year CPI) announced late-April - the market is now pricing in a 0.25% rate cut by the RBA at its 4 June meeting. This would take the RBA’s official cash rate to a new all-low of 1.25%. The market however is not pricing in further cuts beyond this. If the RBA does cut rates, the market will definitely price in more rate cuts.

Markets globally have taken heart from the pause in rate hikes by the US Federal Reserve, with even some suggestion that the next move would be a rate cut, and the strong chance of a resolution of the China/US trade dispute.

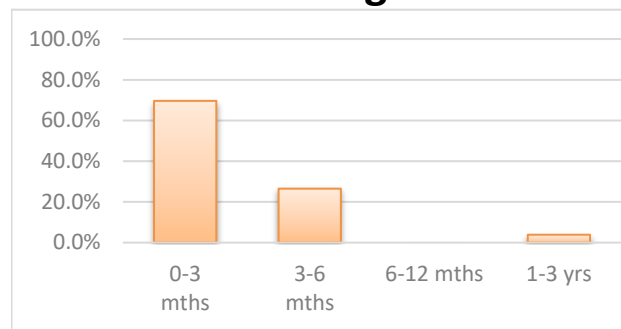
With the higher prospect of one or more rate cuts by the RBA, the AUD is trading down to the lower side of its range over the past 6 months, and we think there is a reasonable chance the AUD will trade under 0.7000 versus USD.

Whilst risk indicators in the market have all fallen in the last 3 months, we remain cautious and defensive in our asset allocations although we have allowed the portfolio’s credit duration (average maturity of securities in the portfolio) to lengthen.

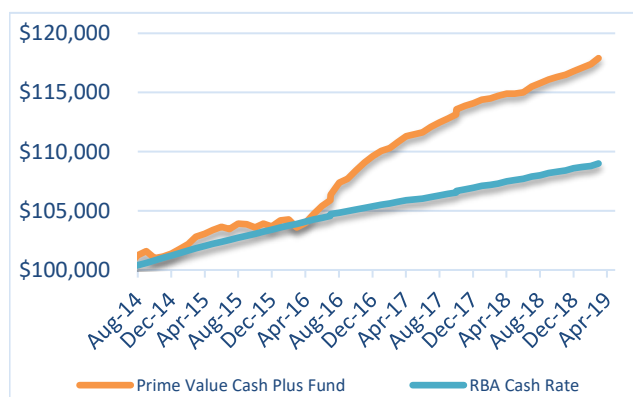
We are watching the Australian Federal election closely as political parties announce policies ahead of the 18 May election of the House of Representatives and half election for the Senate. There are a host of possible outcomes of the election. We have positioned securities in our portfolio over recent months so that we do not anticipate any impact to our portfolio.

We expect the Fund to continue to perform well throughout 2019.

Interest Rate Reset Management



The Fund’s portfolio weighted average interest rate reset duration is approximately 0.40 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 \$118,600 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$109,100 over the same period.

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