Prime Value Cash Plus Fund
Fund Update – April 2018

- Market volatility declined significantly in April, following macro uncertainties in the prior months. It would not be surprising to see volatility increase in the months ahead but the Fund is well position for such an environment
- Fund performance was good in April, bringing the 1-year net return including franking credits to 4.2%
- The Fund's strategy is robust which should ensure good Fund performance for 2018 and beyond

	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	**4.2%**	**3.6%**	4.2%	1.9%
3 Years (p.a.)	**4.2%**	**3.6%**	4.4%	1.7%
2 Years (p.a.)	**5.4%**	**4.7%**	5.7%	1.5%
1 year	**3.9%**	**3.2%**	4.2%	1.5%
3 Months	**0.5%**	**0.4%**	0.6%	0.4%
1 Month	**0.3%**	**0.2%**	0.2%	0.1%

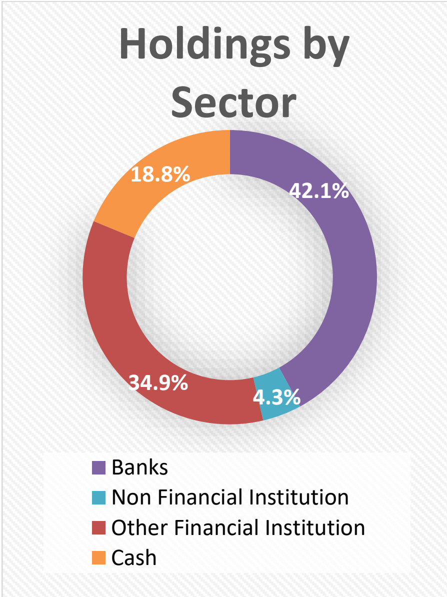
* Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are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

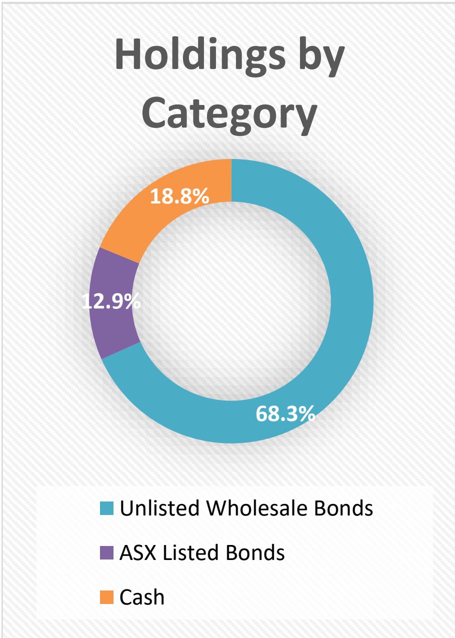
Major Holdings	Sector	Category
AMP Limited	Other Fin Inst	Unlisted Wholesale Notes
Bank of Queensland	Banks	Unlisted Wholesale Notes
IAG Note	Other Fin Inst	Unlisted Wholesale Notes
AAI Note	Other Fin Inst	Unlisted Wholesale Notes
Royal Bank of Canada	Banks.	Unlisted Wholesale Notes

The top five holdings make up approximately 46.9 % 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. 0.41 years
Distributions	Quarterly
Recommended Investment Period	1 + year
Minimum Investment	$50,000
Indirect Cost Ratio (ICR)	0.60%[1] p.a.
Issue price	$1.0297
Withdrawal Price	$1.0277
Distribution (31/03/18)	$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 good month. Markets settled down in April after being volatile throughout February and March. Markets were supported by reduced geopolitical tensions involving Syria and North Korea, while there was no escalation in trade tensions. Further details of the US and China's proposed import tariffs are still expected and these will have global implications, so we remain alert to any escalation in trade tensions.

Global bond markets were on the back foot with yields generally higher due to concerns the Trump tax cuts will increase the budget deficit and government debt, as well as moves higher in some US inflation indicators such as US unemployment (fell to a 3-year lows), oil (rose to 3-year highs), and metal prices (spiked on possible production being withdrawn by big non-US producers due to tariff imposition).

US treasury yields rose as a result, with the 10-year yield pushing above 3% at one point. Australian bond yields however did not follow suit as our economic data remained lacklustre - this meant the A$ weakened and even dropped below US75 cents at one point. Many economists see little chance of a rate hike in Australia until 2019, and possibly not until 2020.

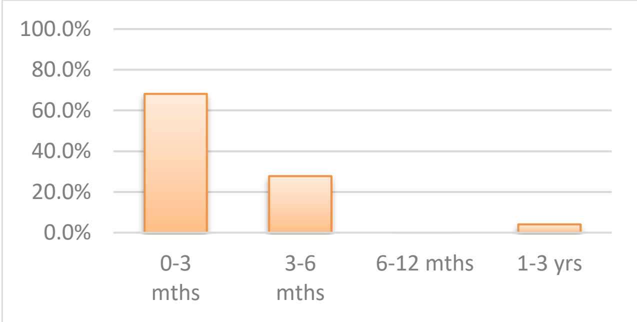
We are paying particular attention to the Royal Commission on banking, and any fallout to the Australian banks and other financial institutions as the hearings continue. The Federal Budget due in May is another event of interest.

We remain very defensive in our investment allocation, and maintaining a strong cash and liquidity position. All the debt securities in our portfolio can be readily sold on the ASX or the unlisted professional wholesale market.

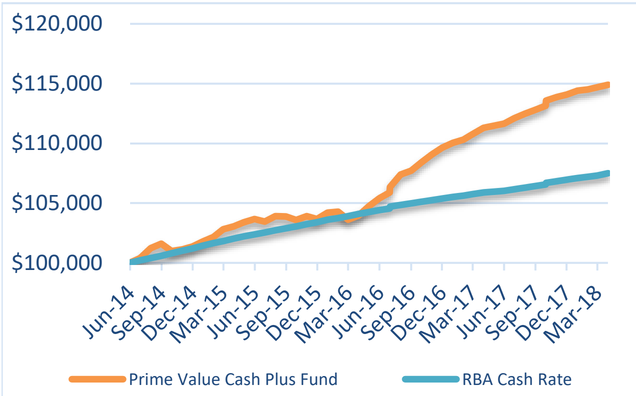
We are acutely aware in our management of the Fund portfolio that markets are unsettled and there is a risk that the long-term bull market in equities and real estate is coming to an end - as has already occurred in bond markets.

Whether a "sea-change" is ahead of us this year remains an open question, and although we do not expect it, we are very vigilant to any sort of "crisis" market emerging. We expect bouts of volatility to characterise markets. Geopolitical events can undoubtedly surface. We are managing the Fund's portfolio so that it is robust to withstand volatility and market dislocation. Interest rates globally seem to be inexorably rising, albeit in Australia with a substantial lag - the Fund benefits from higher interest rates as the average time to reset of interest rates in the Portfolio is only 4 months.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.38 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 $114,900 (net of fees). This compares with the return of the RBA cash rate, where a $100,000 investment would have increased to $107,300 over the same period.

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