

Prime Value Cash Plus Fund

Fund Update – December 2018



- Fund performed well in December despite global markets continuing to experience pressure
- The Fund had a Gross Return of 3.0% for Calendar 2018, whilst markets across a variety of asset classes experienced negative returns
- We expect the Fund to continue to perform well throughout 2019
- We thank you for your confidence in our Fund in 2018, and we wish you every success in 2019

	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	4.1%	3.4%	4.1%	1.8%
3 Years (p.a.)	4.5%	3.9%	4.7%	1.6%
2 Years (p.a.)	3.8%	3.2%	4.0%	1.5%
1 year	3.0%	2.4%	2.9%	1.5%
3 Months	0.7%	0.6%	0.7%	0.4%
1 Month	0.3%	0.2%	0.4%	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.

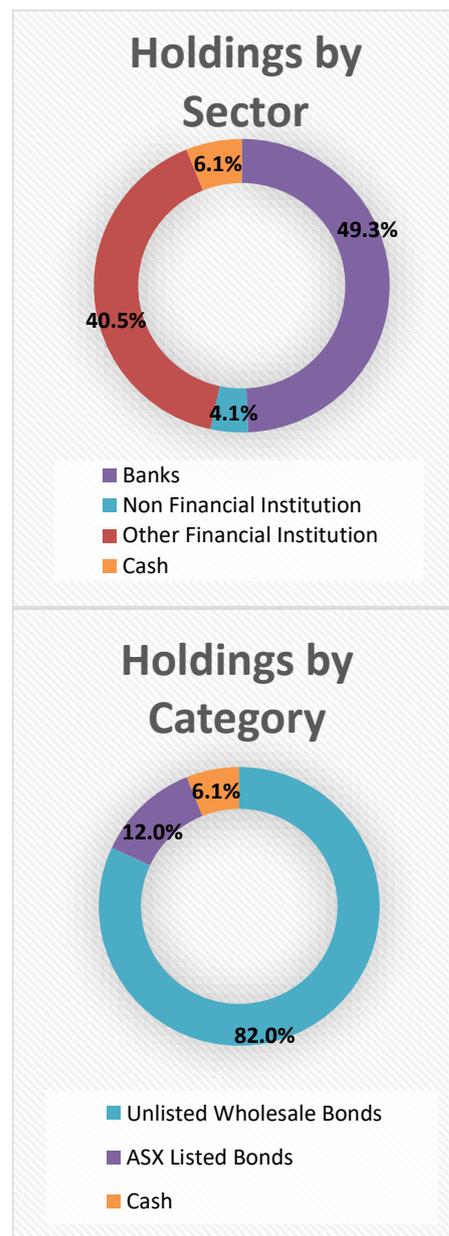
**Returns grossed up for Franking Credits are estimates.

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. 0.41 years
Distributions	Quarterly
Recommended Investment Period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% ¹ p.a.
Issue price	\$1.0208
Withdrawal Price	\$1.0188
Distribution (31/12/18)	\$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 in December despite many markets being volatile and under pressure, mainly due to the change in market mood following comments particularly from the US Fed that US economic growth will not be as strong as originally expected. Many economists have revised lower their US and global growth outlooks which caused bond markets to rally, but strong selloffs in equity, commodity, and residential property markets, and a weaker A\$.

Overall, the year 2018 was a very difficult year for markets, with many asset classes (equities, the A\$, residential property, emerging markets, oil, base metals) experiencing negative returns. Bond markets were in loss for most of the year but recovered those losses in December.

Against this backdrop, the Fund did extremely well in 2018, recording positive returns and exceeding its benchmark being the RBA Cash Rate – for 2018 the Fund recorded a Gross Return of 3.0%, a Net Return (after management fees) of 2.4%, and a Net Return including Franking Credits of 2.9%. Over the last 2 years (2017 and 2018), the Gross Return has been 3.8%, Net Return (after management fees) 3.2%, and Net Return including Franking Credits 4.0%. These returns are well above the RBA Cash Rate for the past 1 year and 2 years (average rate 1.5%) and the general/average level of Term Deposits rates over this period (even for Term Deposits with terms out to 5 years).

These returns show the Fund is invested wisely, with no investments in equities, real estate/property, commodities, emerging markets, alternative assets, or currency. The Fund is invested in liquid/tradeable Australian-based securities that have a designated date for return of capital; hence, the Fund's main risk is to securities not being redeemed on their due date. In 2018, and indeed since the Fund's inception in 2014, the Fund has not had a single credit loss or experienced default in any of its investments.

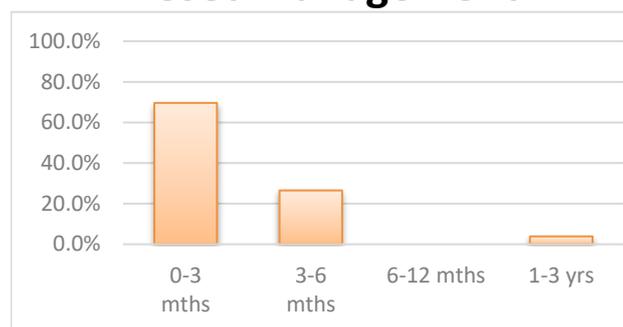
The Fund is therefore fulfilling its objective to operate as a cash-like investment alternative that can deliver a return above its benchmark through different market cycles, maintaining a very stable unit price to preserve investor capital, and enabling investors to access their capital quickly and easily.

We continue to manage the Fund defensively, maintaining a strong cash balance, low interest rate duration, and modest credit duration. All funds are invested in liquid securities where either the security itself or the issuer is rated "investment grade". We fully understand and follow every security in the portfolio. We expect the Fund to perform well over 2019.

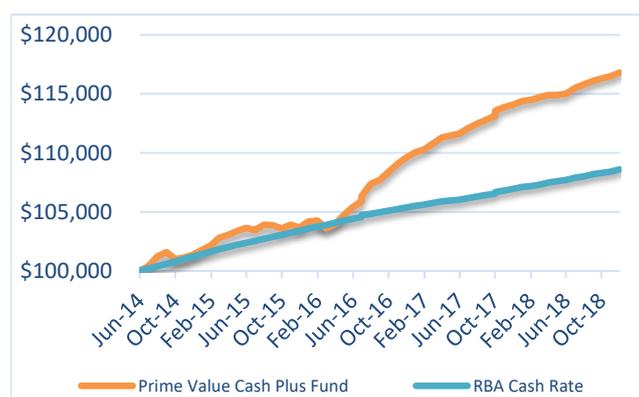
We wish you success throughout 2019.

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Cash Plus Fund must obtain and read the PDS dated September 2017 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Cash Plus Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.

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 \$116,800 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$108,600 over the same period.

Contact details:

Brittany Shazell, Dora Grieve, Julie Abbott & Serena Shi.

Client Services Team

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