Prime Value Cash Plus Fund
Fund Update – May 2018

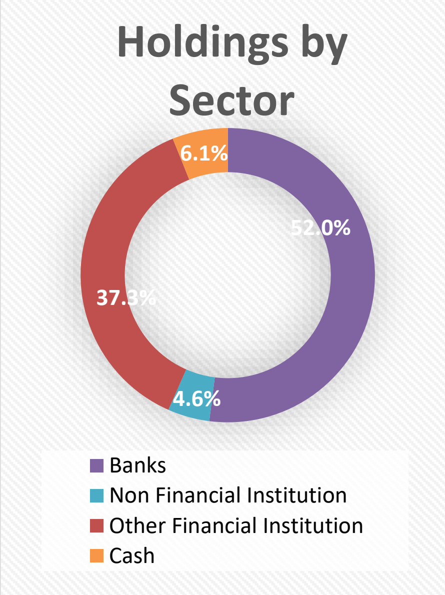
- Markets settled down after volatility caused by the prospect of EU instability in light of the Italian political crisis
- We continue to be very conservative in our Fund management, and defensive in our security selection, in the face of a number of uncertain market, geopolitical and economic risks
- We expect the Fund to continue to perform well through 2018

	Gross Return*	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	**4.1%**	**3.5%**	4.1%	1.9%
3 Years (p.a.)	**4.1%**	**3.5%**	4.3%	1.7%
2 Years (p.a.)	**5.0%**	**4.4%**	5.3%	1.5%
1 year	**3.5%**	**2.9%**	3.8%	1.5%
3 Months	**0.5%**	**0.5%**	0.5%	0.4%
1 Month	**0.0%**	**0.0%**	0.0%	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.

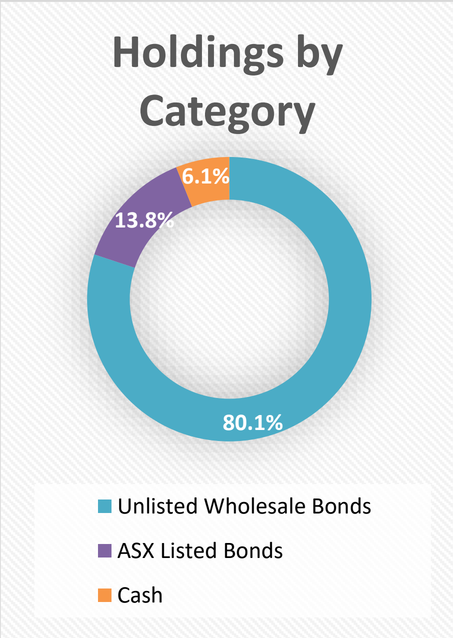
Major Holdings	Sector	Category
NAB	Banks	Wholesale Notes
Westpac	Banks	Wholesale Notes
CBA	Banks	Wholesale Notes
ANZ	Banks	Wholesale Notes
Bank of Queensland	Banks	Wholesale Notes

The top five holdings make up approximately 31.0 % 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	$1.0295
Withdrawal Price	$1.0275
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

Major equity markets ended higher in May, although there was volatility along the way. The Italian political turmoil cast doubt over the stability of the European Union, reviving memories about the Greek crisis in 2012, following the large 'euro-sceptic' vote in Italy's March 4 election. Concerns calmed down towards month-end as a government was formed.

Markets also received some reprieve after crude oil steadied from an earlier significant fall. The oil market is important due to its geopolitical significance, its influence on the economies of many countries, and its influence on inflation in major economies (and hence monetary policy). The price fall in May is more of a retracement from Brent's 4-year highs (US$80). Global oil markets are grappling with higher US oil production (now over 10 million bpd), while sanctions against Iran and production issues in Venezuela have led to expectations OPEC and Russia will raise production to meet shortfalls.

The 'tone' of Australian markets was supported by good performances from key exports including base metals, natural gas and coal, which helped the Australian dollar re-gain the mid-75c area having fallen below this level. Global bond markets rallied in May with US bonds leading yields lower. The recent employment report in the US was very strong (unemployment now 3.9%) with strong wage growth suggesting the Fed will hike for a 7th time in the cycle to 2% at the 12-13 June FOMC meeting.

Credit spreads, which have been at long-term lows, traded sideways and continued to show great resilience. The "hunt for yield" has been a major theme for investment markets globally for some time, although US Fed rate hikes and higher bond yields have tempered the dynamic, with the US 10-year Treasury yield moving from an all-time low of 1.40% in mid-2016 to 2.90%.

Key 'wildcards' for markets at the moment are:

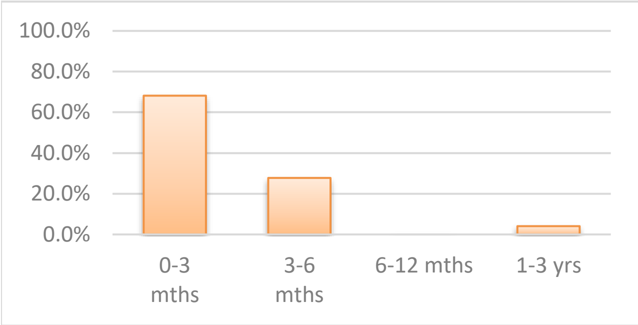
- the Royal Commission into misconduct in financial services
- the slide in the share price of Deutsche Bank to record lows
- the slowdown evident in the Chinese economy
- the strong US employment and inflation and Fed hikes
- implications of US tariffs

We continue to manage the Fund conservatively, being very defensive in security selection in the face of market, geopolitical and economic risks. We manage the Fund as a truly 'cash' fund, giving a regular (quarterly) distribution and returning 100% of investor funds back on request, typically within 24-48 hours. We always provide investors with accrued interest, unlike many term deposits where early redemption can mean accrued interest is foregone.

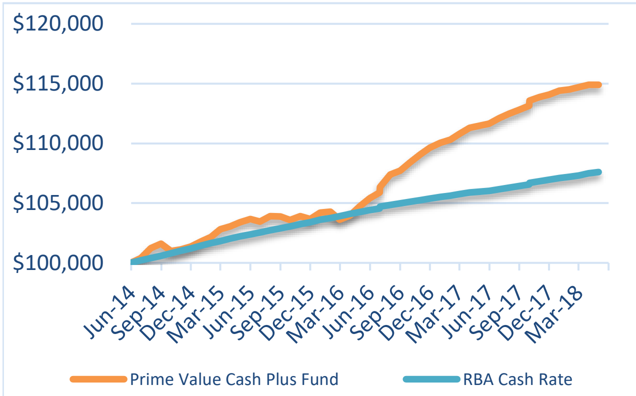
The Fund will benefit from any interest rates rise, with the "interest rate duration" (measuring the average time rate resets) of the portfolio just 0.4 years. We are pleased to note that the Fund holds the top ranking among 124 cash funds surveyed by independent research firm Morningstar, and has been awarded 5-star "overall" and "3 year" ratings by Morningstar

(see https://www.morningstar.com.au/Funds/FundReport/40475).

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.39 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 $107,600 over the same period.

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