

# Prime Value Diversified High Yield Fund

## Fund Update – February 2020



By Matthew Lemke, Fund Manager

- The Fund had a good month in February despite equity market fallout and recorded 0.29% gain net of fees, which is only slightly below the 0.42% return benchmark target (equivalent to 5% per annum net of fees). The return in January was well above the 0.42% target (January return net of fees of 0.57%)
- The distribution from the Fund will remain at 0.42% for the month of February
- The Fund's portfolio is robust and we expect the Fund to continue to perform well

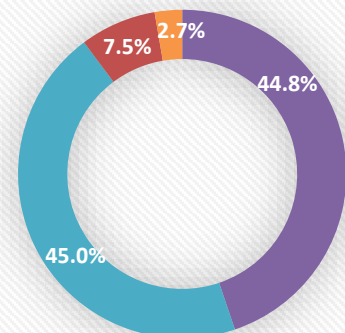
	Net Return*	Net Return including Franking Credits**	Benchmark (RBA +4% p.a.)
7 Months (Since inception)	<b>3.05%</b>	3.05%	2.77%
3 Months	<b>1.28%</b>	1.28%	1.16%
1 Month	<b>0.29%</b>	0.29%	0.36%

\* 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.

\*\*Returns grossed up for Franking Credits are estimates.

Feature	Fund Facts
Portfolio Manager	Matthew Lemke
Investment Objective	The Fund targets a return to investors of 4.0% p.a. over the RBA official cash rate. This return may vary from month to month depending on the market and as funds are invested.
Benchmark	RBA Cash Rate + 4%
Inception Date	1 August 2019
Distributions	Monthly
Recommended Investment Period	1 + year
Individual Security Maximum Exposure	The maximum exposure to any individual security is generally 15% of the portfolio. The PDS is being amended to increase the maximum exposure from 15% to 25%. We expect any individual security holding to be generally well under 25% of the portfolio; however where the Fund's portfolio manager identifies a good investment, and believes it is in the best interest of investors to hold more than 15% of the portfolio in this security, this change will allow such a holding.
Minimum Investment	\$50,000
Management Fee	0.85% <sup>1</sup> p.a.
Performance Fee	15% of net performance above the RBA Cash Rate + 4% p.a
Issue price	\$1.0012
Withdrawal Price	\$1.0002
Distribution (29/02/20)	\$0.0042
<small>1 The Fund may hold one or more unlisted trusts. We estimate that the Fund's estimated proportion of management fees charged to such unlisted trust(s) is 0.24% pa. The above 0.85% pa management fee excludes this indirect cost.</small>	

### Holdings by Industry Sectors



- Diversified Corporates
- Unlisted Trusts/Select Mortgages
- Cash Plus
- Cash

## Fund review and strategy

The Fund recorded a good positive return performance in February of +0.29% in the wake of the massive global equity market fallout due to coronavirus (COVID-19).

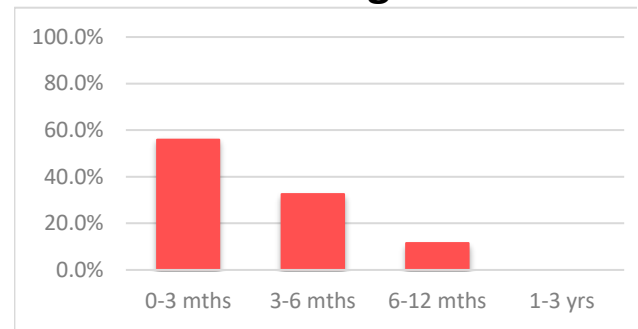
Despite central bank easing of monetary policy and news that China coronavirus cases have dwindled, there is still a sense of “foreboding” in markets as coronavirus is still spreading internationally and the WHO has warned of a possible pandemic situation. There are supply chain disruptions emerging now for many international companies and the economic transmission effects are hard to fathom.

We do not need to make any major adjustments to the Fund portfolio in light of coronavirus at this stage. The debt securities we hold are robust, and in fact two of the four corporate debt securities that we hold rallied in February.

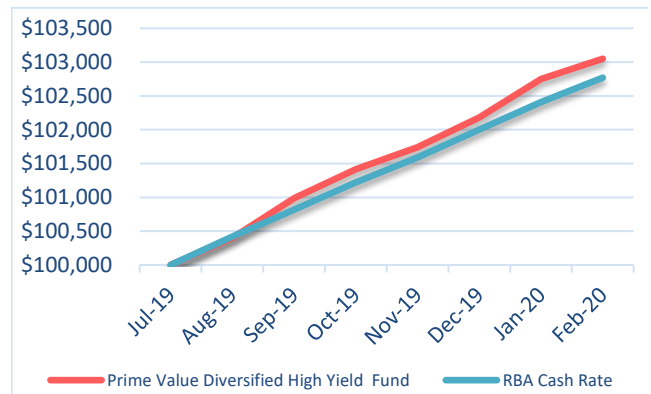
The Fund is open to new applications. If you, family members or your friends/ associates, have interest to invest in the Fund, please contact Prime Value.

We continue to expect the Fund to perform well throughout 2020.

## Interest Rate Reset Management



The Fund’s portfolio weighted average interest rate reset duration is approximately 0.32 years. The majority of interest rates in the portfolio are reset on average every 3-6 months.



This graph shows how \$100,000 invested at the Fund’s inception has increased to \$103,050 (net of fees). This compares with the return of the RBA cash rate +4% p.a., where a \$100,000 investment would have increased to \$102,770 over the same period.

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