Prime Value Diversified High Yield Fund
Fund Update – April 2020

By Matthew Lemke, Fund Manager

- The Fund had a flat performance result, following on from the 0.17% gain in March
- The Fund will make its normal quarterly distribution of $0.42 cents per unit (5% annual rate, net of fees) at the start of May
- Markets rebounded in April but we remain extremely wary and consider further volatility a distinct possibility. To protect investor capital we are managing the portfolio in a very risk-averse way and ensuring all assets are sound and meet our stringent criteria

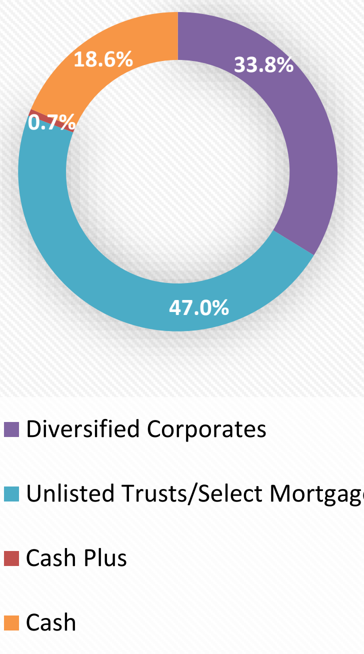
	Net Return*	Benchmark (RBA +4% p.a.)
9 Months (Since inception)	**3.22%**	3.52%
6 Months	**1.78%**	2.27%
3 Months	**0.46%**	1.08%
1 Month	**0.0%**	0.34%

* 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.

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
Suggested Investment Period	1-2 years
Individual Security Maximum Exposure	The maximum exposure to any individual security is generally 25% of the portfolio. We expect any individual security holding to be generally under 15% 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, a higher 25% threshold is available.
Minimum Investment	$50,000
Management Fee	0.85%[1] p.a.
Performance Fee	15% of net performance above the RBA Cash Rate + 4% p.a
Issue price	$0.9945
Withdrawal Price	$0.9935
Distribution (30/04/20)	$0.0042

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 (indirect cost). The above 0.85% pa management fee excludes this indirect cost.

Holdings by Industry Sectors



Fund review and strategy

The Fund recorded a flat performance result, following on from the 0.17% gain in March. The Fund will pay its normal distribution of $0.42 cent per unit in early May. The Fund has been successfully navigating the extreme market turbulence that are virtually unprecedented in the history of modern markets.

We expect the Fund to continue to perform according to its Benchmark with some improvements in overall market conditions due to 4 factors:

- the slowdown in coronavirus cases
- the technical retracement of the losses in March
- the sheer volume of funds being made available by various governments around the world to deal with the economic fallout from the coronavirus pandemic, and
- market expectation that the lockdowns will be soon relaxed which will take the stress off global economies

The Australian market is expected to rebound quicker than most countries because Australia has experienced lower coronavirus cases, coupled with the fact that China our primary trading partner has been showing only a very small number of new coronavirus cases for some time with many businesses now re-starting and a general return to work from the lockdown imposed there.

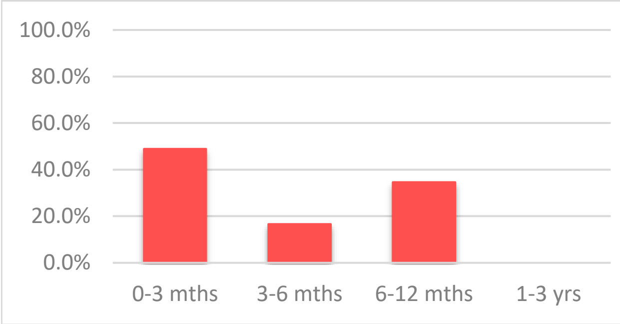
We are however concerned that the better market conditions in April will not necessarily last and that bouts of market volatility will be experienced. This is because the coronavirus pandemic is still expanding globally particularly in the big economies of the US and Europe, with no vaccine yet found. This will probably mean that the quarantining/lockdowns, though they may be relaxed, will continue for some time. We are also concerned that the lockdowns will cause the world economic data releases to be poor through the next two months even signalling a global recession, which is likely to test market confidence.

We are also concerned that any relaxation in the quarantining/ lockdowns might cause a re-quickening of the coronavirus growth rate. This would be quite a shock to market confidence. We are sure that governments around the world will be aware of the danger of relaxing quarantining/lockdowns too quickly. As such, the economic data will therefore be likely to be quite weak for longer than markets expect.

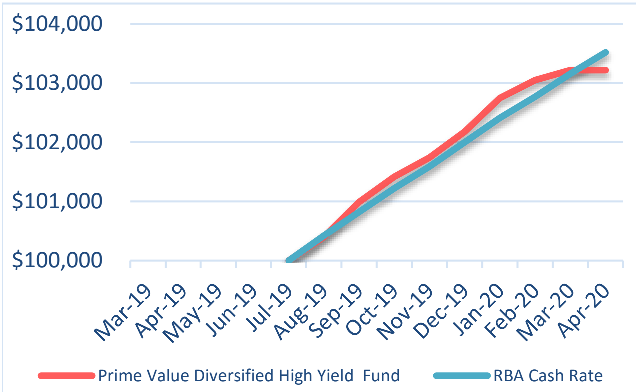
Therefore we are risk-managing the Fund in a way that does not leave investors exposed to renewed market weakness which could easily occur, by primarily ensuring all assets in the portfolio are sound. We are only adding assets that pass extremely stringent investment criteria. We will exit any assets that fail our investment criteria.

We welcome all questions that you may have about the Fund, and how it is performing in these very unusual times. It is your money that we are stewarding, and we are managing the Fund with this key objective in mind.

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 $103,220 (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 $103,520 over the same period.

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