

# Prime Value Cash Plus Fund

## Fund Update – June 2020



By Matthew Lemke, Fund Manager

- Fund performed well in June earning above the Fund's target and benchmark returns
- Fund will pay its normal quarterly distribution of 0.75 cents/unit in early July
- We are still in the coronavirus pandemic, with economic and market ramifications unknown, so we are managing the Fund in a very risk-averse manner

	Net Return*	Net Return including Franking Credits**	RBA Cash Rate
Since inception (p.a.)	<b>2.90%</b>	3.47%	1.59%
5 Years (p.a.)	<b>2.84%</b>	3.52%	1.43%
3 Years (p.a.)	<b>2.01%</b>	2.59%	1.21%
1 year	<b>(0.67%)</b>	(0.24%)	0.67%
3 Months	<b>1.87%</b>	1.99%	0.06%
1 Month	<b>0.33%</b>	0.45%	0.02%

\* 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.

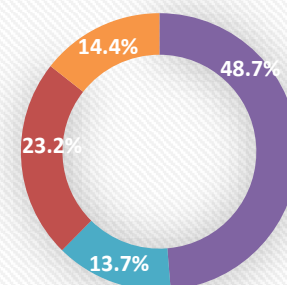
Major Holdings	Sector	Category
NAB	Banks	Wholesale Notes
Westpac	Banks	Wholesale Notes
CBA	Banks	Wholesale Notes
ANZ	Banks	Wholesale Notes
Bank of Queensland	Banks	Wholesale Notes

The top five holdings make up approximately 38.0% 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. 0.40 years
Distributions	Quarterly
Suggested Investment Period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% <sup>1</sup> p.a.
Issue price	\$0.9898
Withdrawal Price	\$0.9894
Distribution (30/06/20)	\$0.0075

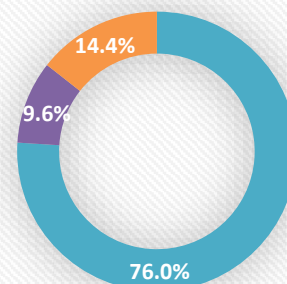
<sup>1</sup> Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC

### Holdings by Sector



■ Banks  
■ Non Financial Institution  
■ Other Financial Institution  
■ Cash

### Holdings by Category



■ Unlisted Wholesale Bonds  
■ ASX Listed Bonds  
■ Cash

## Fund review and strategy

The Fund had a good performance in June, achieving a return above its target and benchmark returns, as markets stabilised despite the increase in coronavirus cases in the US and Australia.

Fund will pay its normal quarterly distribution of 0.75 cents/unit in early July. Franking credits will also be distributed to investors.

The Fund unit price closed cum distribution 30 June at 0.9971, further recouping much of the loss experienced in March when the market meltdown occurred.

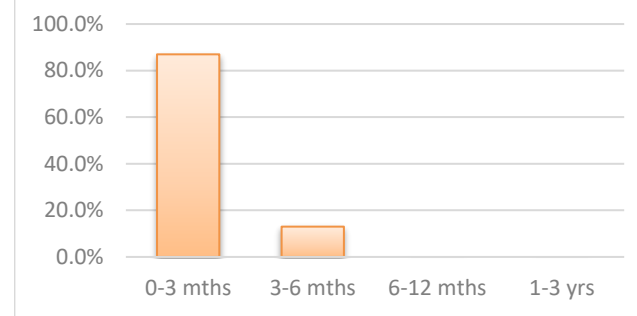
There are still several risks in the market that are guiding us to continuing to manage risks carefully in the portfolio:

- The US Presidential election in November is looming with some market speculation that the Democrat contender will not be Joe Biden. He is currently leading in the polls, however there is a lot of water to flow under the bridge;
- China/US disagreements on trade and other matters, coupled with a deterioration of the Hong Kong situation and questions as to how the “one country, two systems” agreement works;
- Some abatement of coronavirus cases in Europe, but a worrying acceleration in the US placing pressure on hospitals and medical facilities with possible economic and market ramifications;
- A pick up in coronavirus cases in Australia, particularly Victoria with possible economic and market flow through ramifications if lockdowns are extended or increased, with a likely increase in job losses as business pressures mount, the need to extend rent relief, and Government income support such as JobKeeper;
- Corporate reporting of unexpected losses, asset impairments, and business restructuring including possible workforce retrenchments;
- Data showing a sharp drop in May’s residential building approvals and a fall in residential house prices in Australia

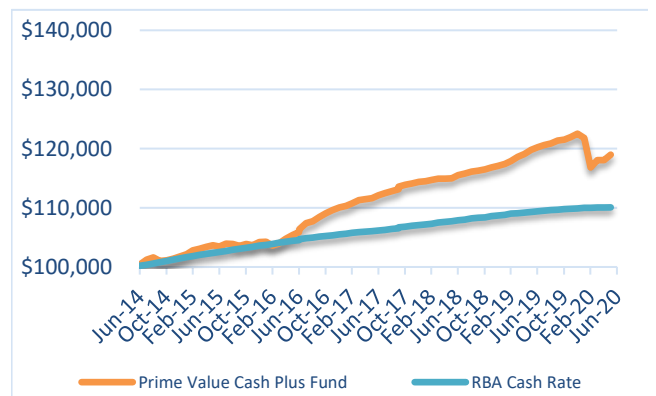
We continue to mitigate risk in this environment; allowing some cash build up, reducing exposure to hybrids, reducing the average maturity profile of the portfolio, and reducing the percentage invested in ASX listed stocks (due to their higher market price volatility).

We expect the Fund to continue to perform well, with a near-term target for the unit price of \$1.00/unit whilst maintaining the normal Fund distribution rate despite significantly lower market interest rates.

## Interest Rate Reset Management



The Fund’s portfolio weighted average interest rate reset duration is approximately 0.19 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 \$119,000 (net of fees). This compares with the return of the RBA cash rate, where a \$100,000 investment would have increased to \$110,070 over the same period.

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