

Prime Value Cash Plus Fund

The Cash Plus Fund is formulated for conserservative investors seeking preservation of capital and reasonable investment returns. The fund targets a return of approximately 2% p.a. over the RBA official cash rate. The Cash Plus Fund is an income fund that invests primarily in cash and “fixed income” type securities.



Fund Facts

Responsible Entity	Prime Value Asset Management Ltd
Objectives	The Fund aims to provide regular quarterly income with “low risk” exposure of capital loss in the medium term
Target Net Returns (after fees)	The Fund targets a return of the RBA official cash rate plus 2%. This return may vary from month to month depending on the market and as funds are invested.
Interest Rate Reset	The interest rate on securities in the investment portfolio resets on average every 3-6 months
Custodian	JP Morgan Chase Bank
Distributions	Quarterly in cash or reinvestment option is available, generally paid within 5 business days after the end of the quarter
Management Fee	0.60% p.a.
Performance Fee	Nil
No Other Fees	No Establishment, Contribution, Withdrawal or Termination fees
Minimum Investment	\$50,000
Investment Period	1+ year recommended
Applications	Daily
Withdrawals	We repay investors funds quickly upon withdrawal request, typically within 24-48 hours

Why the Cash Plus Fund?

Interest rates in Australia are at a historic all-time low. Many Australians who rely on earning interest on their savings are now losing the “real” value of their money as banks slash term deposit and savings rates.

The “real” return on cash (the return after inflation) could be in negative territory for many investors. With uncertainty in the markets, and quite possibly interest rates falling even further, many investors are looking for a low-risk approach to investing that offers the potential for higher yields than having savings parked in a savings account or term deposit.

Prime Value’s Cash Plus Fund, established in April 2014 is a good example of the way investors can earn above traditional cash investments end earn a “real” return. It is currently ranked #1 in the Yield Report survey of the top-20 “Enhanced Cash” Funds in Australia and against a backdrop of falling interest rates, the Prime Value Cash Plus Fund has delivered an after-fees return of 3.7% p.a. since inception (4.2% p.a. including franking credits) as at 31 December 2019.

The Cash Plus Fund offers investors an alternative way to invest their cash primarily in the ‘fixed income’ market that provide a higher return investing in selected securities available.

The Fund allows investors to diversify their cash, equity and property investments. The fixed income market comprises securities that have a relatively low market price correlation to equity and property prices. Investments are carefully managed so as to minimise the chance of permanent capital losses.

Furthermore, the Fund is managed in a way that avoids any market disruptions or major market events so that we can always enable our investors to redeem their capital quickly.

The Fund is a 'floating rate' fund meaning that the return will vary with movements in short-term money market rates in the Australian wholesale market. This reset frequency (interest rate duration) is in keeping with our objective to offer a return to investors in excess of the RBA's official cash rate. The Fund's return will be further enhanced by the distribution to investors of imputation/franking credits. The credits typically add 0.5% p.a. to the total return investors earn in the Fund.

What assets does the Cash Plus Fund invest in?

The Fund may invest in cash and 'fixed income' type securities. The Fund will not invest in property or equities. All investments will be selected on the basis of a low probability of default. We constantly assess and monitor the creditworthiness of the investments in the portfolio. Securities are diversified across senior, secured senior unsecured subordinated and hybrid securities issued by creditworthy companies, banks, insurance companies, other financial institutions, and governments or government agencies. All securities are subjected to very strict investment criteria and monitored closely through a range of filters and market based indicators.

The securities in the portfolio or the parent company, are all rated "Investment Grade" by Standard & Poor's rating agency so there is a very high-degree of credit quality in the portfolio as assessed and monitored by one of the world's leading rating agencies. Most of the issuers are listed on the ASX. The securities themselves are either listed on the ASX or can be traded in the professional/ wholesale fixed income market, which means they can be readily sold. The Fund is prohibited from borrowing funds to buy securities, in other words the Fund's return is not 'leveraged' by debt as this adds significant risk. The Fund is only allowed to use derivatives to manage risk down, and not to 'leverage' or add risk. (i.e. returns can only be accessed by the Fund investing funds and not through derivative instruments). The Fund is fully SIV compliant.

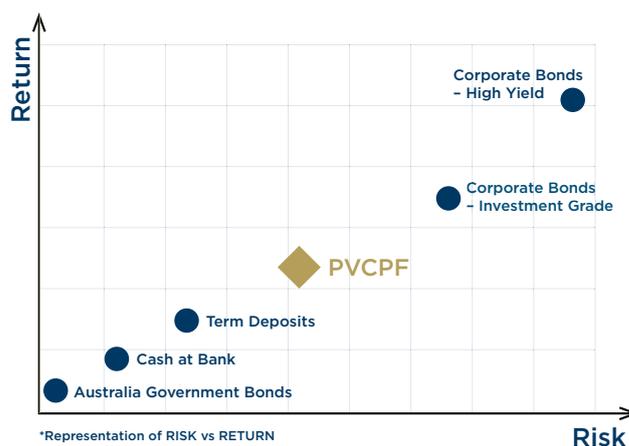
What are the risks?

The four main risks are:

- **market risk** whereby forces in the market can affect market prices of investments;
- **credit risk** of the investments the fund owns;
- **term/maturity risk** of the investments in terms of when the investments may be redeemed in cash by the fund; and
- **liquidity of investments** in the portfolio being how readily investments may be sold.

These risks are managed in a way to deliver returns to investors that are well above normal cash returns

Our Cash Plus Fund provides safety



How do we anticipate the Cash Plus Fund to perform?

We fully expect to continue to deliver on the return objective of 2% p.a. over the RBA official cash rate while aiming to minimise the risk of permanent loss to investors' capital. The fund has achieved these objectives.



Portfolio Manager Cash Plus Fund

Matthew Lemke has over 30 years' experience in global investment markets in London, New York, Singapore, Hong Kong and Australia, having worked previously for JPMorgan and Deutsche Bank.

Matthew was instrumental in setting up the Prime Value Cash Plus Fund in 2014 and the Diversified High Income Fund in 2019. The Cash Plus Fund is a highly recognised cash alternative and has achieved 3.7% p.a. net return since its inception in 2014 making it one of the top performing enhanced cash funds in Australia.

Returns have surpassed those of traditional cash investments such as term deposits, while still aiming to preserve investors capital, delivering quarterly distributions and providing prompt redemptions.

How to Invest

The Prime Value Cash Plus Fund is open to all investors and has a minimum investment amount of \$50,000. To invest in the Cash Plus Fund please contact your Relationship Manager or our Client Services Team on 03 9098 8088.



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