

# Prime Value Diversified High Income Fund

## Quarterly Update – September 2020



By Matthew Lemke, Fund Manager

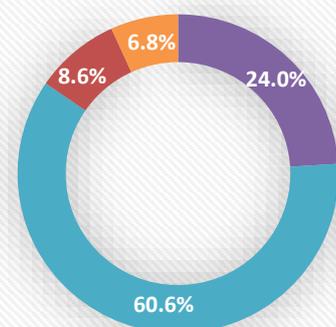
- The Fund performed well in September again producing a 0.42% net return which is equivalent to 5.04% on an annual basis
- Investors will receive 0.42 cents/unit in early October
- We plan to move this update to a quarterly basis with the next update early January 2021 for the December quarter. Interim reports will be sent to you if important events occur
- We are managing the Fund prudently in this uncertain investment climate. We expect the Fund to continue to produce a monthly return of 0.42%

	Net Return*	Benchmark (RBA +4% p.a.)
Since inception (p.a.)	<b>4.32%</b>	4.56%
1 Year	<b>4.02%</b>	4.48%
3 Months	<b>1.28%</b>	1.05%
1 Month	<b>0.42%</b>	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% <sup>1</sup> p.a.
Performance Fee	15% of net performance above the RBA Cash Rate + 4% p.a
Issue price	\$0.9910
Withdrawal Price	\$0.9900
Distribution (30/09/20)	\$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 (indirect cost). 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 performed well in September producing a net return of 0.42%, which is consistent with the Fund's target net return of 5.04% per annum.

The Fund's distribution for September is 0.42 cents/unit to be paid to investors in early October.

Markets were again reasonably settled in September, although there was a noticeable tendency for negative news to have a greater influence on the market. As a result, equity, commodity, the A\$ and credit markets did not perform quite as well as in July and August. The main reason for the softness is a combination of some give up of the very strong market since the first quarter, the upcoming US elections (November), the inability of the US government to agree with the US President on details of a further stimulus bill to deal with the pandemic, and setbacks in progress on a vaccine for coronavirus. There was also evidence of a coronavirus second-wave in some countries such as the UK. In Australia, the market is waiting for the Federal Budget on 6 October (delayed from May) and importantly how deep and how long the Government anticipates the recession to be.

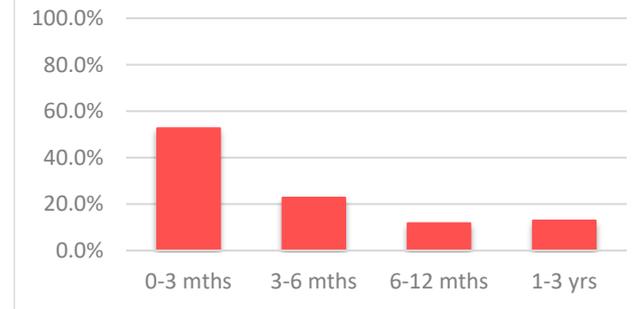
In this environment, we continue to manage the Fund prudently. We expect to be able to continue to produce a net return of 0.42% per month which is the equivalent of 5.04% per annum.

We are only very selectively adding assets to the portfolio and only where they meet our stringent investment criteria. Our object is to achieve a balance of different kinds of investments so we do not "put all our eggs in the one basket". This approach is extremely important when the market environment is so unsettled and uncertain. Yet it is clear the pandemic will create all sorts of change in markets, society and in the geopolitical realm, so we must remain vigilant. We have let our cash balance move higher pending the availability of suitable assets.

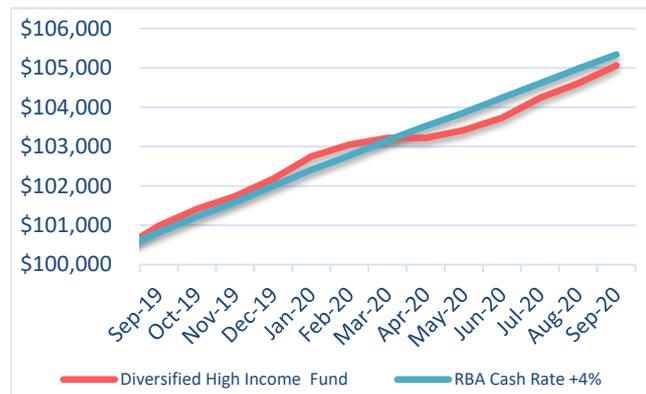
We plan to move this Update to a quarterly basis. The next Update will be sent out in early January 2021 for the December quarter. However, if events occur in the market or there are particularly important matters relating to the Fund, we will send you relevant information in a timely manner.

We sincerely thank everyone for your continued support. Please call us if we can help in any way or if you need more information.

## Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.81 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 \$105,060 (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 \$105,340 over the same period.

### Contact details:

Brittany Shazell, Riza Crisostomo, Julie Abbott & Dora Grieve

### Client Services Team

Phone: 03 9098 8088  
Email: [info@primevalue.com.au](mailto:info@primevalue.com.au)  
Web: [www.primevalue.com.au](http://www.primevalue.com.au)

### Mail:

Prime Value Asset Management Ltd  
Level 9, 34 Queen Street  
Melbourne VIC 3000

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Diversified High Income Fund must obtain and read the PDS dated July 2020 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Diversified High Income Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.