

Prime Value Enhanced Income Fund

Monthly Fund Update – August 2021



By Matthew Lemke, Fund Manager

- The Fund experienced a difficult month in August due to concerns of imminent RBA rate hike rates earlier than expected
- Over the past 3 months the Fund has earned 0.43% after-fees which is above its benchmark return. Of course, past returns are not an indicator of future returns
- The Fund will make a distribution in October for the June-September quarter.

	Net Return*	Net Return including Franking Credits**	90 Day Bank Bill Rate (BBSW)
Since inception (p.a.)	2.90%	3.40%	1.53%
5 Years (p.a.)	2.75%	3.33%	1.17%
3 Years (p.a.)	2.04%	2.44%	0.75%
1 year	2.93%	3.13%	0.03%
6 Months	1.20%	1.27%	0.02%
3 Months	0.43%	0.47%	0.01%
1 Month	-0.12%	-0.12%	0.00%

* 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.

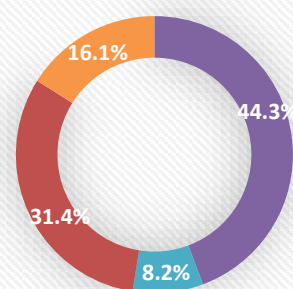
Major Holdings	Sector	Category
NAB	Banks	Wholesale Notes
Westpac	Banks	Wholesale Notes
CBA	Banks	Wholesale Notes
ANZ	Banks	Wholesale Notes
Bank of Queensland	Banks	Wholesale Notes

The top five holdings make up approximately 39.7% of the portfolio.

Feature	Fund Facts
APIR Code	PVA0009AU
Portfolio Manager	Matthew Lemke
Investment Objective	To provide regular income with low risk of capital loss in the medium term (appreciating that the Fund's unit price will vary with market factors and other factors affecting the prices of securities in the investment portfolio). The Fund targets a return to investors of 2.0% over the 90 day BBSW rate (this benchmark rate was previously the Reserve Bank of Australia's cash rate).
Benchmark	90 day BBSW rate (this benchmark rate was previously the Reserve Bank of Australia's cash rate). The benchmark rate was changed to better reflect the Fund's objectives.
Inception Date	3 June 2014
Interest Rate Reset Duration	Approx. 0.25 years
Distributions	Quarterly
Suggested Investment Period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% ¹ p.a.
Issue price	\$0.9990
Withdrawal Price	\$0.9986
Distribution (30/06/21)	\$0.0077

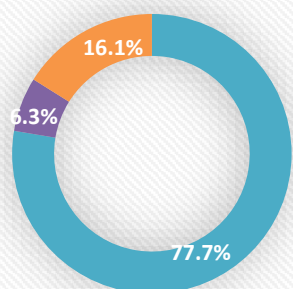
¹ Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC

Holdings by Sector



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

Holdings by Category



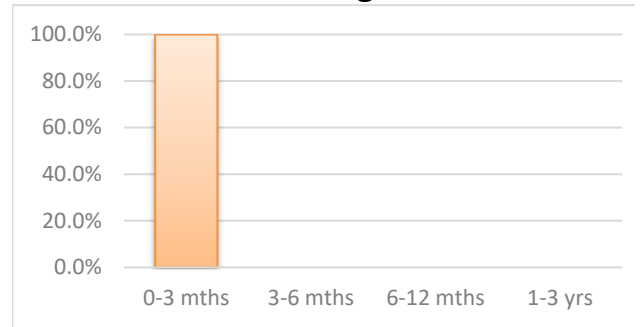
■ Unlisted Wholesale Bonds
■ ASX Listed Bonds
■ Cash

Fund review and strategy

The Fund experienced a difficult month in August due to market concerns the Reserve Bank of Australia will hike rates earlier than expected. Fuelling this concern was strong expectations that the Reserve Bank of New Zealand was about to hike rates. This did not eventuate but it is still a market concern especially given how strong the housing market has been. On a 3 month basis the Fund has earned 0.43% after-fees which is above its benchmark return. Of course, past returns are not an indicator of future returns of the Fund.

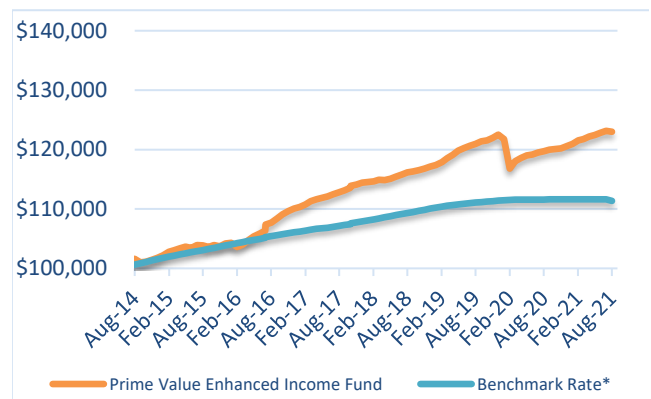
We continue to monitor the market carefully, watching the GDP, CPI and employment data very carefully. With most of Australia still in lockdown, it is hoped that vaccination rates will move to the 70-80% level to allow lockdown restrictions to be eased. Vaccination rates of 70-80% will allow economic growth to stimulate. However, we remain guarded in our forecasts given that we are still in the midst of a global pandemic. There is a lot of uncertainty as to how the pandemic will evolve even if vaccination rates improve. We are pleased to see that the Federal Government is providing continued support, and also that the Reserve Bank Australia is taking actions to support investment markets.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 0.22 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.

Fund Performance



This graph shows how \$100,000 invested at the Fund's inception has increased to \$123,000 (net of fees). This compares with the return of the benchmark rate, where a \$100,000 investment would have increased to \$111,620 over the same period.

*the Benchmark Return was calculated by reference to the RBA Official Cash Rate until December 2020 but thereafter by reference to the 90 day BBSW rate

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