

ADVANCE CASH MULTI-BLEND FUND

As at 31 October 2020

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$3,870.08
Investment objective	To provide investors with a total investment return (before fees and taxes) that outperforms the benchmark over one year, maintaining liquidity, avoiding unnecessary risk and therefore seeking to maintain capital value.
Recommended investment timeframe	1 year
Minimum initial investment	\$5,000
Distribution frequency	Monthly
Management costs (%) pa ¹	0.19
Buy/sell spread (%)	0.00 / 0.00

FUND PERFORMANCE²

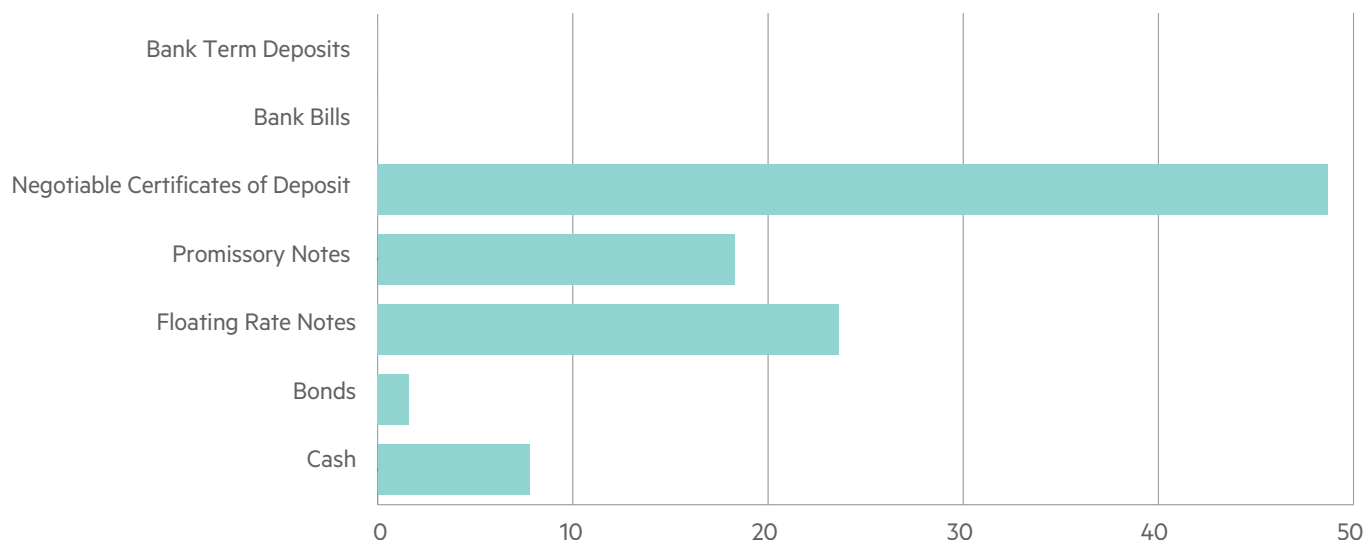
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.02	0.05	0.69	1.53	1.86	2.92
Growth return	(0.01)	(0.01)	(0.01)	(0.01)	0.03	0.18
Distribution return	0.03	0.06	0.70	1.54	1.83	2.74
Benchmark return	0.01	0.03	0.51	1.35	1.59	2.67

Benchmark: Bloomberg AusBond Bank Bill IndexSM

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Limited	8.69
Bank of Queensland Limited	7.16
New South Wales Treasury Corp.	5.68
Sumitomo Mitsui Banking Corp. (Sydney Branch)	5.68
National Australia Bank Limited	5.37

SECTOR ALLOCATIONS^{3,4}



CREDIT QUALITY^{3,4,5}

	Fund (%)
AAA	0.15
AA	32.10
A	40.16
BBB	19.80
Sub Investment Grade	0.00
Not Rated	0.00
Cash & Derivatives	7.78

FUND CHARACTERISTICS⁶

	Portfolio	Benchmark
Effective Duration (Contribution)	0.19	0.12
Years to Maturity (Years)	0.29	0.13
Effective Yield (%)	0.17	0.08

FUND UPDATE

The Advance Cash Multi Blend Fund outperformed the benchmark during the month of October. Both Blackrock and Pental added to the portfolio's excess returns.

Credit themes remain consistent with developments in recent months. The support provided by central banks and Federal governments is outweighing the negative effects from the economic headwinds that most companies are facing. The TFF, which provides three year funding at 0.25% to banks for up to 3% of their outstanding credit and the significant cash balances that major banks are sitting on means that BBSW rates are likely to remain below cash and credit spreads supported due to a lack of primary market issuance.

The Reserve Bank of Australia (RBA) left the cash rate unchanged at their meeting in early October. although further monetary policy easing may be imminent given the board is considering how additional monetary easing could further support jobs as the economy opens up.

A speech on the 15th October by Governor Lowe gave investors some additional insight into the RBA's thinking. The RBA will now be putting a greater weight on actual, not forecast, inflation in their decision-making. In terms of unemployment the RBA wants to see more than just progress towards full employment. Lowe also stated that the RBA would not be increasing the cash rate until actual inflation is sustainably within the target range (2-3%) and that they do not expect to be increasing the cash rate for at least three years. This implies the front end of the curve is likely to remain anchored for some time.

Governor Lowe also referenced the additional yield that Australia's 10 year Government bonds trade at relative to other Western countries and whether there would be a benefit in the RBA buying bonds to reduce the yield on those bonds as they try and support Australian jobs. This has paved the way for Quantitative Easing (QE) at the RBA's meeting in early November.

Offshore events were dominated by the upcoming US election and the lack of progress on a fiscal stimulus package. Also weighing on risk markets were increasing COVID-19 cases and resultant lockdowns in Europe, Brexit negotiations, US earnings and the trials and tribulations as companies race to find a vaccine

Australian yields ended marginally lower on the month as US yields drifted higher and markets became largely priced for the potential RBA moves in November. US treasury yields sold off late in the month despite the sharp fall in US equity markets with the 10 year bond yield ending 19 basis points (bps) higher at 0.87%. However German 10 year yields fell 11bps to -0.63%

- 1 The Management Costs included in this fact sheet are inclusive of the Management Fee and any Performance Fees and includes the effect of GST (net of RITC). They do not include other indirect costs. Refer to the Product Disclosure Statement and online disclosures for further information.
- 2 Past performance is not a reliable indicator of future performance. The Fund performance is net of management costs. Growth and Distribution returns may not equal the Total Net return due to rounding. Performance Since Inception is 1 February 2010.
- 3 Allocations may not equal 100% due to rounding.
- 4 Where a negative number is shown, this may indicate the use of derivatives and physical securities to create short positions in the portfolio.
- 5 The credit quality has been determined based on the Standard & Poor's credit rating tiers. Where a negative number is shown, this may indicate the use of derivatives and physical securities to create short positions in the portfolio. Allocations may not equal 100% due to rounding.
- 6 Calculated using weighted average. Where a negative number is shown, this may indicate the use of derivatives and physical securities to create short positions in the portfolio. Specifically, for the reporting of effective duration, negative numbers can also arise when security prices move in the same direction as interest rates where long positions are held in the portfolio.

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