

ADVANCE CASH MULTI-BLEND FUND

As at 31 October 2021

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$2,696.30
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	0.12
Buy/sell spread (%)	0.00 / 0.00

FUND PERFORMANCE²

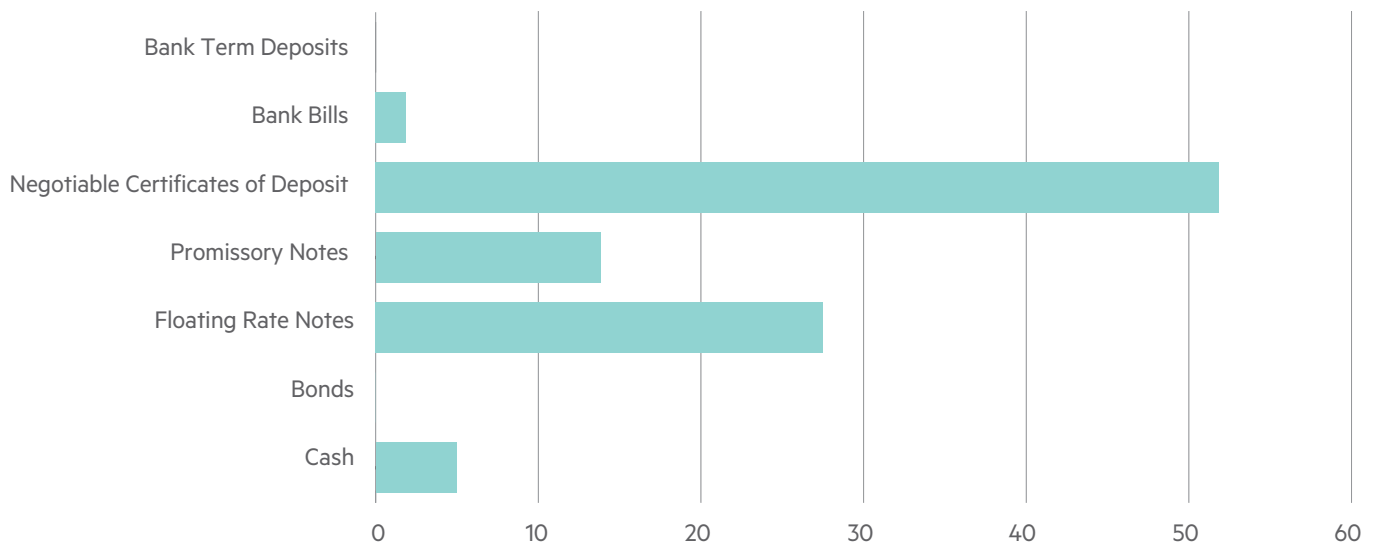
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	(0.01)	(0.01)	0.09	0.89	1.38	2.67
Growth return	(0.02)	(0.05)	(0.12)	(0.03)	(0.01)	0.15
Distribution return	0.01	0.04	0.21	0.92	1.39	2.52
Benchmark return	(0.00)	0.00	0.03	0.73	1.17	2.44

Benchmark: Bloomberg AusBond Bank Bill IndexSM

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Ltd.	9.97
Sumitomo Mitsui Banking Corp. (Sydney Branch)	7.74
Oversea-Chinese Banking Corp. Ltd.	6.75
ING Bank N.V.	4.89
GPT Group	4.56

SECTOR ALLOCATIONS^{3,4}



CREDIT QUALITY^{3,4,5}

	Fund (%)
AAA	0.00
AA	22.36
A	50.18
BBB	18.90
Sub Investment Grade	0.00
Not Rated	3.59
Cash & Derivatives	4.97

FUND CHARACTERISTICS⁶

	Portfolio	Benchmark
Effective Duration (Contribution)	0.18	0.12
Years to Maturity (Years)	0.36	0.13
Effective Yield (%)	0.25	0.04

FUND UPDATE

The Advance Cash Multi Blend Fund delivered in line performance relatively to the benchmark during the month of October. Portfolio performance was broadly neutral with Blackrock and Pandal both delivering returns that were in line with the benchmark.

Portfolio positioning remains consistent with prior months. The excess yield from non-major bank money market securities and the margin from Floating Rate Notes (FRN's) resulted in the portfolio yielding a higher rate than the index. The portfolio remains conservatively positioned relative to its benchmark. The term funding facility expired at the end of June and will eventually result in financial institutions issuing debt rather than tapping funding at 0.10%. This is a welcome development. Offsetting that is ongoing quantitative easing that sees banks remaining flush with cash, which in turn resulting in ongoing margin contraction.

The portfolio remains highly liquid and with a higher running yield than the benchmark is reasonably well positioned to outperform in the near term.

October was a volatile month for bond markets globally, as central banks accelerated moves to unwind extraordinary monetary policy, and in some cases raising cash rates.

Closer to home, the RBA left the cash rate unchanged at their November meeting. However, their statement included updated economic forecasts including 2023 forecasts for inflation of 2.5%, the unemployment rate at 4% and wage inflation at 3%. Accompanying this statement was the RBA's decision to abandon any further purchasing of the April 2024 Government bond under their yield curve control program. The decision to discontinue the yield target reflects the improvement in the economy and the earlier than expected progress towards the inflation target.

The Reserve Bank of Australia however reiterated that they will not rush any rate hikes, given the belief that some of the inflation may be due to temporary market distortions. The spike in inflation, in combination with the strong domestic jobs market and rapidly opening economy, exacerbated fears further, with money markets now pricing in several interest rate hikes next year. This, predictably, led to further speculation around Australia's rapidly rising home prices and the potential impacts of a less dovish Reserve Bank of Australia. Markets have now priced price in rate rises to 1% by the end of 2022.

In other data releases, retail sales bounced in September with further recovery being likely as reopening continues. Business conditions purchasing managers' indexes rose in October, as did payroll employment numbers, after falling for several months due to lockdowns. It was also revealed that despite a recent fall in iron ore exports and prices, Australia's trade surplus rose to a record A\$15.1 billion in August, as coal and liquefied natural gas exports surged, with rising prices for both commodities.

Bond markets were thinly traded which exaggerated the moves across the curve. 10-year Australian bonds finished the month at 2.0%, or 0.5% higher. 3-year Australian bonds finished at 1.17%, or 0.9% higher on the month.

- 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.

Advance Asset Management, GPO Box B87, Perth WA 6838

Customer Relations 1800 819 935 Adviser Services 1300 361 864 Fax (02) 9274 5211

advance.com.au

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Advance is the responsible entity of the Advance Cash Multi-Blend Fund, ASRN 094 113 050 (Fund). A Product Disclosure Statement (PDS) for Wholesale investors is available for the Fund and can be obtained by calling the Contact Centre on 1800 819 935, or visiting www.advance.com.au, the Retail Fund is closed to new investors. The Financial Services Guide (FSG) for Advance can be obtained via www.advance.com.au. For the Target Market Determination for this product please refer to www.bt.com.au/tmd.

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