

# ADVANCE CASH MULTI-BLEND FUND

As at 30 November 2021

## FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$2,594.19
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 <sup>1</sup>	0.12
Buy/sell spread (%)	0.00 / 0.00

## FUND PERFORMANCE<sup>2</sup>

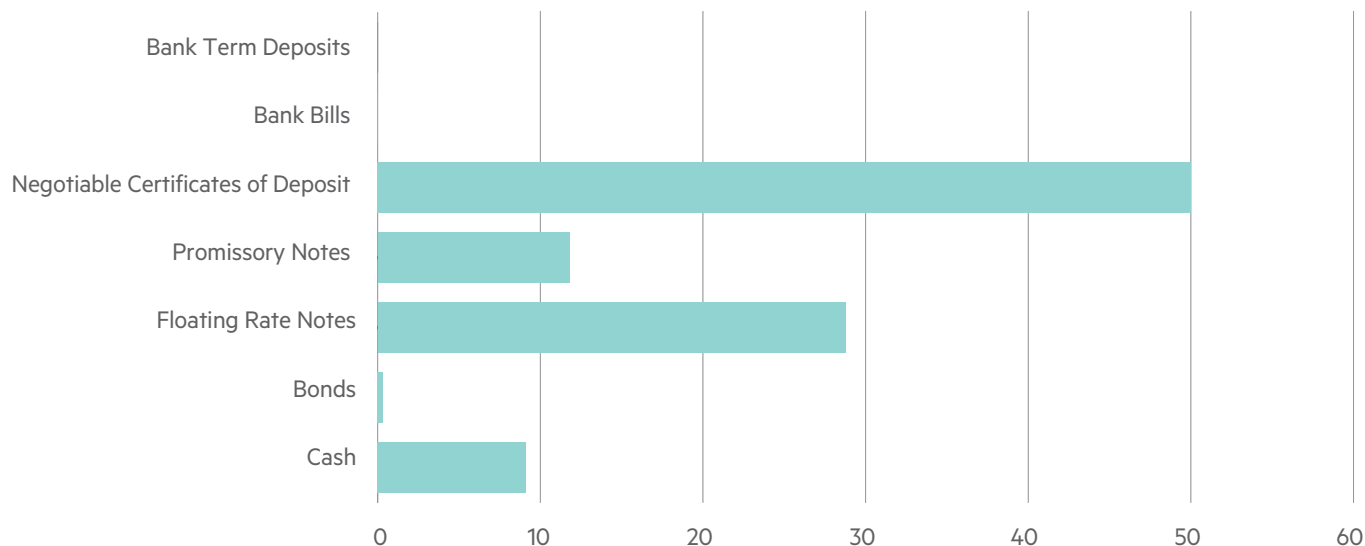
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.01	0.00	0.07	0.83	1.35	2.65
Growth return	0.00	(0.04)	(0.14)	(0.03)	0.00	0.15
Distribution return	0.01	0.04	0.21	0.86	1.35	2.50
Benchmark return	0.01	0.01	0.02	0.68	1.14	2.42

Benchmark: Bloomberg AusBond Bank Bill Index<sup>SM</sup>

## TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Ltd.	10.37
Oversea-Chinese Banking Corp. Ltd.	7.02
Sumitomo Mitsui Banking Corp. (Sydney Branch)	6.89
ING Bank N.V.	5.09
Bank of Queensland Ltd.	4.40

## SECTOR ALLOCATIONS<sup>3,4</sup>



## CREDIT QUALITY<sup>3,4,5</sup>

	Fund (%)
AAA	0.00
AA	21.40
A	49.54
BBB	19.97
Sub Investment Grade	0.00
Not Rated	0.00
Cash & Derivatives	9.10

## FUND CHARACTERISTICS<sup>6</sup>

	Portfolio	Benchmark
Effective Duration (Contribution)	0.18	0.13
Years to Maturity (Years)	0.35	0.13
Effective Yield (%)	0.19	0.04

## FUND UPDATE

The Advance Cash Multi Blend Fund performed in line with the benchmark during November. Both Pandal and Blackrock contributed to portfolio outperformance.

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) has 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 this 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.

Market moves in offshore bonds were mixed during the month and risk sentiment late in the month waned due to the emergence of the Omicron COVID strain. Inflation continued to be a hotly debated topic in November after US inflation surged in the month prior.

Domestically, the RBA abandoned Yield Curve Control in its November meeting but reiterated the very slow path to tightening. Markets have priced in a full hike in by mid-2022 and almost three by the end of 2022. However, Governor Lowe still thinks 2024 is most likely for 'lift off' but concedes 2023 is now a chance. This difference in views is due to the market extrapolating Fed policy outlooks onto Australia, thinking the RBA will simply follow the Fed. Again, the RBA says they are happy to ignore the Fed, as they did during the entire Fed hiking cycle in 2017/18.

Notwithstanding the longer-term views, Australian bond yields all traded lower. Three- and ten-year Australian government bonds were 0.24% and 0.30% lower over the month, reflecting caution over the Omicron strain that may potentially derail the path of economic recovery.

- 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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The information in this document has been prepared by Advance Asset Management Limited ABN 98 002 538 329 AFSL 240902 (Advance).

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