

ADVANCE CASH MULTI-BLEND FUND

As at 31 March 2022

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$2,394.12
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

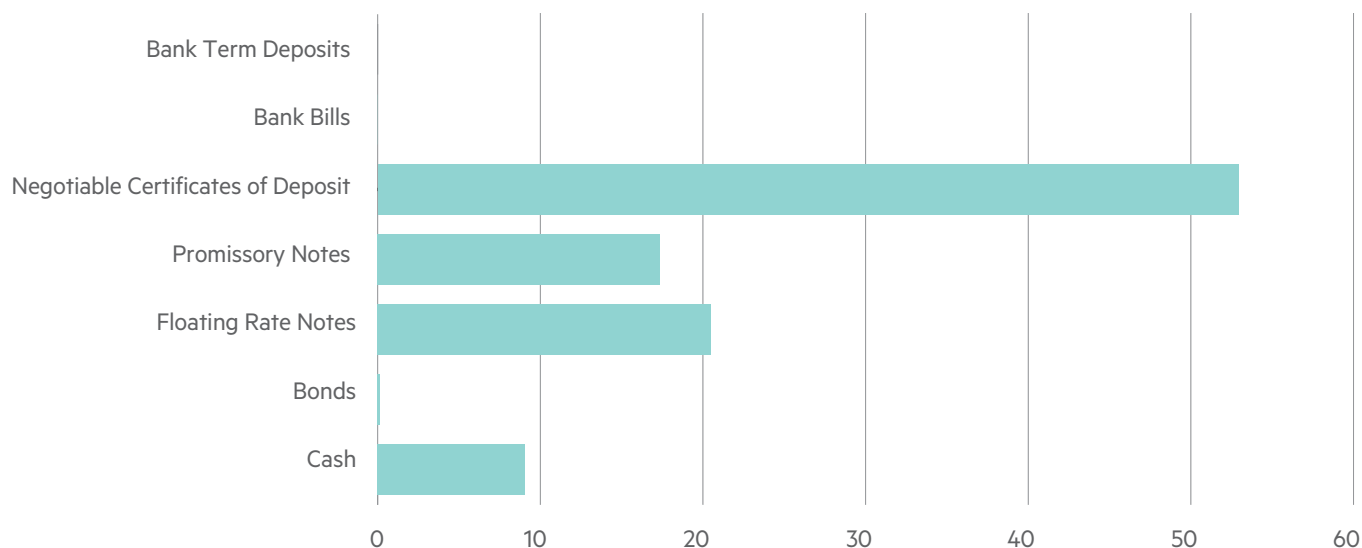
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	-	0.01	0.07	0.58	1.20	2.58
Growth return	-	-	(0.09)	(0.04)	(0.01)	0.15
Distribution return	-	0.01	0.15	0.63	1.21	2.44
Benchmark return	0.00	0.01	0.04	0.46	1.02	2.36

Benchmark: Bloomberg AusBond Bank Bill IndexSM

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Ltd.	9.55
Sumitomo Mitsui Banking Corp. (Sydney Branch)	9.21
Oversea-Chinese Banking Corp. Ltd.	6.43
GPT Group	5.68
MUFG Bank Ltd. (Australia)	5.67

SECTOR ALLOCATIONS^{3,4}



CREDIT QUALITY^{3,4,5}

	Fund (%)
AAA	0.00
AA	23.04
A	48.60
BBB	17.81
Sub Investment Grade	0.00
Not Rated	1.50
Cash & Derivatives	9.05

FUND CHARACTERISTICS⁶

	Portfolio	Benchmark
Effective Duration (Contribution)	0.14	0.13
Years to Maturity (Years)	0.23	0.13
Effective Yield (%)	0.35	0.11

FUND UPDATE

The portfolio remained flat over the month of March, in line with the benchmark.

Both Pandal and Blackrock contributed to the portfolio's performance.

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 is well positioned to take advantage of higher yields and steeper curves whilst firmly focused on maintaining high levels of liquidity and ensuring capital is preserved. The spread duration of the portfolio remains at just 0.2 years, reflecting the cautious outlook for credit spreads over the near to medium term.

It was another volatile month in financial markets with commodity prices surging during the month leading to increased inflationary concerns.

Bond yields sold off aggressively against this backdrop although risk markets held in surprisingly well over the course of the month. Oil peaked at \$140 on headlines that the US and UK banned Russian oil imports. The EU also discussed a plan to issue a significant amount of joint debt to facilitate a fast tracking of green energy and renewables, defence spending and subsidies to assist households with soaring utility prices.

In the United States, the Federal Reserve lifted the Fed Funds rate by 0.25% to 0.50% at its March meeting. The median forecast for 2022 was 1.75% of rate hikes this year, up from 0.75% in December 2021. The median core Personal Consumption Expenditures price index (PCE) inflation forecast for 2022 rose by 1.4% to 4.1%. Powell noted that the labour market is extremely tight and warned that if inflationary pressures remain elevated, he was prepared to be more aggressive by raising rates by 50 basis points at a meeting or meetings. Powell further noted that there's already a lot of upward inflation pressure and additional pressure probably does raise the risk that inflation expectations will start to react in a way that is negative for the global economy.

Closer to home, the Reserve Bank of Australia (RBA) left the cash rate unchanged at their March meeting. Wage inflation was noted to have only picked up gradually, although the RBA acknowledged the uncertainty about how labour costs will behave given the historically low levels of unemployment. The inflation outlook also remains uncertain given disruptions to supply chains and developments in the energy market due to the conflict in Ukraine. The RBA further repeated the line that it will be sometime yet before growth in labour costs is at a rate that is consistent with inflation being sustainably at target.

Against the above backdrop, bond yields globally sold off aggressively. In the United States, 2-year bond yields rose 0.90%, and 10-year yields rose 0.51% to both end the month at 2.34%. Potential inversion of the yield curve in the United States is starting to create more headlines about a pending recession in the world's largest economy. Australian bonds reacted similarly with the 3- and 10-year bond yields rising by 0.76% and 0.65% to 2.30% and 2.81% respectively. 6-month Bank Bill Swap Rate (BBSW) sold off by 46 basis points to end the month at 0.71%. 3-month BBSW on the other hand sold off by 15 basis points to end the month at 0.23%.

- 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

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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