

# ADVANCE CASH MULTI-BLEND FUND

As at 30 April 2022

## FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$2,310.98
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>

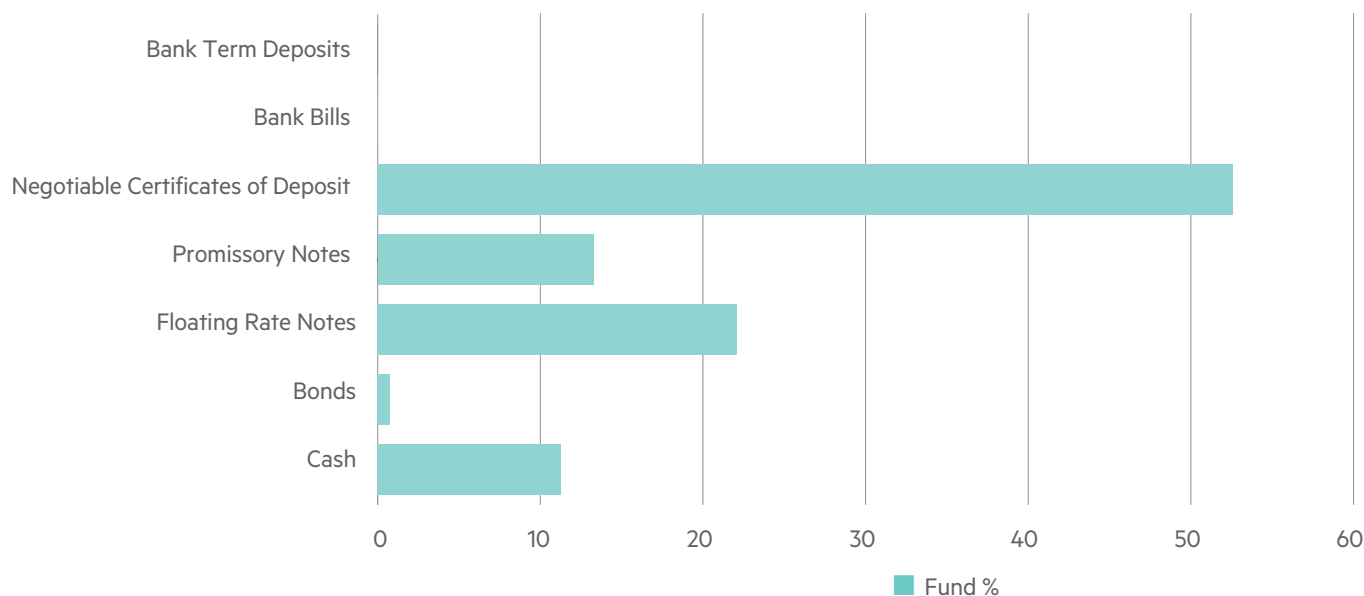
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	(0.02)	(0.02)	0.02	0.51	1.16	2.56
Growth return	(0.03)	(0.03)	(0.13)	(0.05)	(0.02)	0.14
Distribution return	0.00	0.01	0.15	0.56	1.17	2.42
Benchmark return	(0.02)	(0.01)	0.02	0.40	0.99	2.34

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

## TOP 5 ISSUERS

	Fund (%)
Sumitomo Mitsui Banking Corp. (Sydney Branch)	9.53
Bendigo and Adelaide Bank Ltd.	9.44
ING Bank N.V.	5.83
Oversea-Chinese Banking Corp. Ltd.	5.58
GPT Group	5.02

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



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

	Fund (%)
AAA	0.04
AA	22.51
A	47.21
BBB	18.23
Sub Investment Grade	0.00
Not Rated	0.74
Cash & Derivatives	11.27

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

	Portfolio	Benchmark
Effective Duration (Contribution)	0.13	0.12
Years to Maturity (Years)	0.22	0.13
Effective Yield (%)	0.74	0.38

## FUND UPDATE

The Advance Cash Multi-blend Fund delivered returns that were in line with the benchmark during the month of April.

Our underlying managers delivering a neutral result over the month.

The 6-month Bank Bill Swap Rate (BBSW) rose by 0.75% in April - this is the largest monthly rise in yields since 1994. Credit spreads also widened during the month. The portfolio has been conservatively positioned in terms of its credit spread duration, and in terms of its interest rate risk positioning. This conservative positioning meant that the portfolio, in a period of extreme moves in yields, and to a lesser extent credit spreads performed closely in line with the benchmark for the month. The portfolio remains highly liquid and is well positioned to take advantage of higher yields and wider credit spreads at the right time.

The lockdowns in China, the conflict in Ukraine, and the prospect of substantially tighter US monetary policy all weighed on sentiment and commodity prices. Risk sentiment was affected as the latest threat to global economic growth emerged in the form of lockdowns and zero Covid policy in China. The war in Ukraine still had no sign of resolution in April and the impact on energy market was particularly notable in Europe given the difficulties in reducing its energy dependency on Russia.

In the United States, the Federal Reserve (the Fed) was preparing for a string of 50 basis point rate increases, starting from their meeting in early May. Fed Chair Powell noted that there was merit in front loading monetary policy and stated that a 50 basis points move was on the table in May, effectively endorsing what the market had priced in. Bond markets reacted sharply to Powell's more hawkish tone. The US 10-year bond yield ended the month 60 basis points higher at 2.94%. The US 2-year bond yields also ended the month 38 basis points higher at 2.72%.

The Federal Open Market Committee (FOMC) also considered reducing the balance sheet by \$60bn in treasury securities per month and \$35bn in mortgage-backed securities, phased over 3 months. Inflation in the US remains elevated with headline inflation rising by 1.2% in March, taking the annual rate to 8.5%. Core inflation was slightly weaker than expected at 0.3% resulting in an annual increase of 6.5%.

Domestically, the Reserve Bank of Australia (RBA) left the cash rate unchanged in April. The RBA stated that over the coming months further additional information will be available on both inflation and the evolution of labour costs. The first quarter inflation data released in late April came in higher than expected and will likely see the RBA tighten monetary policy at their May meeting. Headline inflation rose by 2.1% in the first quarter and 5.1% over the past year (expectation was for 1.7% and 4.6%). The trimmed mean and weighted median rose 1.4% and 1% to record annual increases of 3.7% and 3.2%, all results being above the upper end of the RBA's 2-3% target band.

Australian government bond yield movements mirrored those in the US in April. In Australia, 10-year bond yields ended the month 32 basis points higher to close at 3.13%. In the short end, yields rose by 0.75% to 1.45%. 3-month implied yields are now priced to peak at near 3.5% mid next year, a move of almost 2% since the start of the year.

- 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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