

ADVANCE CASH MULTI-BLEND FUND

As at 31 December 2020

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$3,197.99
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

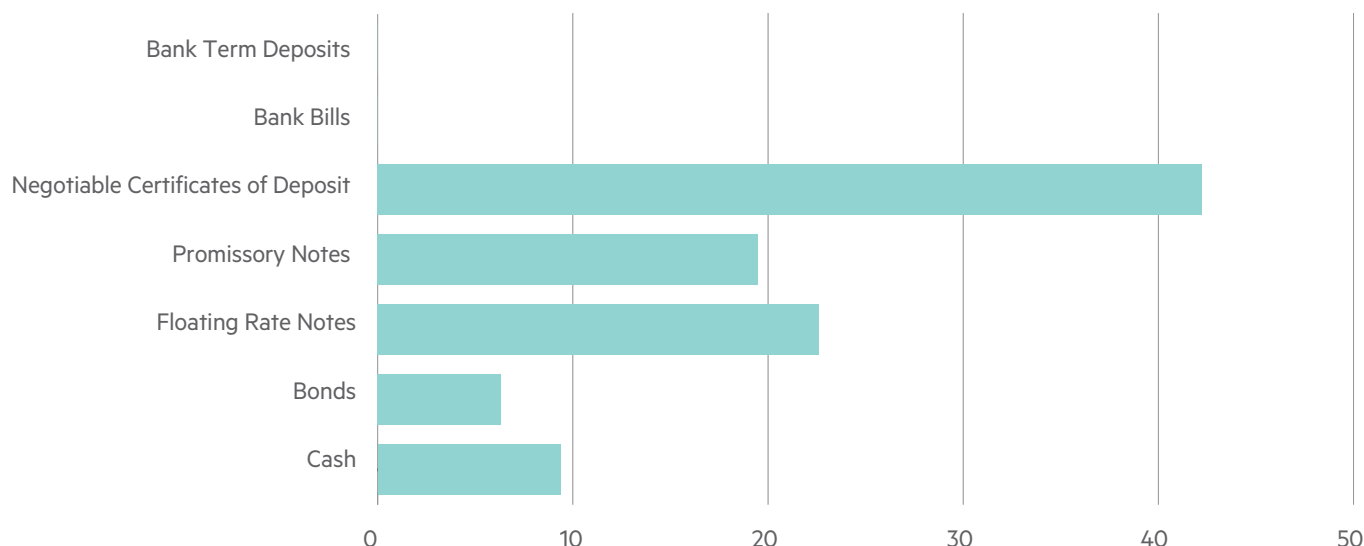
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.01	0.06	0.55	1.44	1.79	2.87
Growth return	0.00	0.01	0.03	0.01	0.03	0.17
Distribution return	0.01	0.05	0.52	1.43	1.76	2.70
Benchmark return	0.00	0.02	0.37	1.26	1.52	2.63

Benchmark: Bloomberg AusBond Bank Bill IndexSM

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Limited	9.96
New South Wales Treasury Corp.	7.50
Bank of Queensland Limited	6.01
Government of Australia	4.16
ING Bank N.V.	4.13

SECTOR ALLOCATIONS^{3,4}



CREDIT QUALITY^{3,4,5}

	Fund (%)
AAA	0.16
AA	29.70
A	41.03
BBB	19.75
Sub Investment Grade	0.00
Not Rated	0.00
Cash & Derivatives	9.37

FUND CHARACTERISTICS⁶

	Portfolio	Benchmark
Effective Duration (Contribution)	0.17	0.13
Years to Maturity (Years)	0.30	0.13
Effective Yield (%)	0.13	0.02

FUND UPDATE

The Advance Cash Multi Blend Fund slightly outperformed the benchmark during the month of December. Portfolio performance was positive with Blackrock and Pandal both adding to the portfolio's performance.

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 0.1% 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 portfolio remains conservatively positioned relative to its benchmark and is well positioned to outperform. The level of outperformance is however likely to decline given the flat shape of the yield curve and given the broader margin compression.

The Reserve Bank of Australia (RBA) left monetary policy unchanged at its December meeting. In its accompanying statement the RBA noted that the economic recovery in Australia is underway and that recent data had generally been better than expected. Employment and inflation remain the key focus, with the RBA not looking to increase the cash rate until actual inflation is sustainably within the 2-3% target range. For this to occur the RBA sees significant employment growth and a tight labour market being required. The RBA is not expecting to raise the cash rate for at least 3 years.

Elsewhere, S&P downgraded New South Wales' credit rating by one notch to AA+ from AAA. Victoria had their rating downgraded by 2 notches from AAA to AA. The downgrades were not unexpected, although the 2 notches for Victoria was a surprise. Treasury Corporation of Victoria (TVC) spreads widened by a modest 6 basis points (bps) to Government bonds, highlighting the cushioning impact of the RBA's Quantitative Easing (QE) and bank balance sheet buying. Offshore, along with the ongoing COVID-19 and vaccines news, fiscal stimulus packages in the United States and ongoing Brexit discussions dominated offshore headlines during the month.

Bond yields had small rises, with US 10 year bond moving from 0.84% to 0.91%. Australian 10 year bond yields ended also marginally higher on the month finishing at 0.98%

- 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').

The information shown in this document is general information only. It does not constitute any recommendation or advice. It has been prepared without taking into account your personal objectives, financial situation or needs and so you should consider its appropriateness having regard to these factors before acting on it. You should consider obtaining independent advice from a professional financial adviser before making any financial decisions in relation to the matters disclosed hereto.

Advance is the responsible entity of the Advance Cash Multi-Blend Fund, ASRN 094 113 050 ('Fund'). Product Disclosure Statement ('PDS') 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 Financial Services Guide ('FSG') for Advance can be obtained via www.advance.com.au. Any retail client should obtain and consider the PDS for the Fund and the FSG before deciding whether to acquire, continue to hold or dispose of units in the Fund.

Advance is a subsidiary of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 (Westpac). An investment in the Fund is not an investment in, deposit with, or other liability of Westpac or any other company in the Westpac Group. An investment in the Fund is subject to investment risk, including possible delays in the payment of withdrawals and loss of income and principal invested. No member of the Westpac Group (including Advance) stands behind or otherwise guarantees the capital value or investment performance of the Fund.

To the maximum extent permitted by law, Advance, and its affiliates and related bodies corporate, and their respective officers, directors, employees, professional advisers and agents do not accept any responsibility or liability in relation to the accuracy or completeness of this information or for any loss arising from its use. Past performance is not an indicator of future performance. No representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts or returns contained in the information set out in this document. Any projections are predictive in character. Whilst we have used every effort to ensure that the assumptions on which the projections are based are reasonable, the projections may be affected by inaccurate assumptions or may not take into account known or unknown risks and uncertainties. The actual results actually achieved may differ materially from these projections.

© Advance Asset Management Limited – part of Westpac Banking Corporation.

AD40676-0121sx