ADVANCE
ASSET MANAGEMENT

ADVANCE CASH MULTI-BLEND FUND

As at 31 August 2022

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	$2,330.73
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 PERFORMANCE[2]

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.18	0.36	0.39	0.46	1.09	2.53
Growth return	0.02	0.11	0.08	(0.00)	0.00	0.15
Distribution return	0.16	0.25	0.31	0.46	1.09	2.38
Benchmark return~	0.15	0.33	0.37	0.36	0.95	2.31

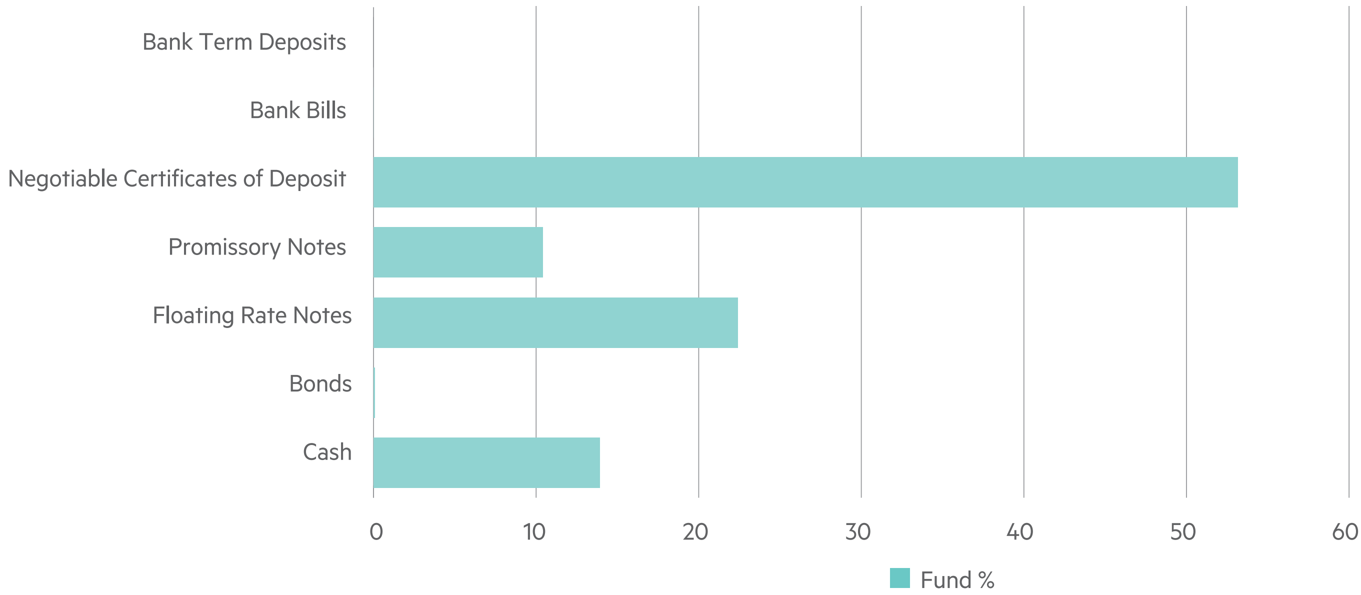
~ Benchmark: Bloomberg AusBond Bank Bill Index[SM]

TOP 5 ISSUERS

	Fund (%)
Suncorp-Metway Ltd.	7.45
National Australia Bank Ltd.	6.11
ING Bank N.V.	5.86
Commonwealth Bank of Australia	5.30
Sumitomo Mitsui Banking Corp. (Sydney Branch)	5.13

Please refer to the end of this report for the footnotes

SECTOR ALLOCATIONS[3,4]



CREDIT QUALITY[3,4,5]

	Fund (%)
AAA	2.80
AA	32.82
A	36.60
BBB	12.75
Sub Investment Grade	0.00
Not Rated	1.10
Cash & Derivatives	13.92

FUND CHARACTERISTICS[6]

	Portfolio	Benchmark
Effective Duration (Contribution)	0.15	0.13
Years to Maturity (Years)	0.24	0.13
Effective Yield (%)	2.16	2.17

FUND UPDATE

The fund outperformed its benchmark in August with our underlying managers delivering a positive result over the month.

The portfolio returned 0.18% in August with the bank bill index returning a comparable 0.15% for the month. Credit spreads on major bank securities tightened over the month which helped the fund's performance.

Our underlying managers have been conservatively positioned in terms of its credit spread duration and in terms of its interest rate risk positioning. The portfolio remains highly liquid and is well positioned to take advantage of higher yields and wider credit spreads. Capital preservation and liquidity remain key concerns in the current environment. Higher yields and steeper curves will provide opportunities to add returns. However, our managers will only meaningfully add risk only once relative stability is evident in the markets.

It was another busy month with bond markets resuming the trend of 2022 towards higher rates. The rally in equity and bond markets last month, and the subsequent easing of economic conditions, had clearly made central banks determined to ramp up the hawkish rhetoric. Consumer sentiment continues to deteriorate while business confidence is firmer but beginning to show signs of weakness.

In the United States, inflation was lower than economists' consensus, with headline inflation flat in the month of July and core rising 0.3%. Much of the focus was on Fed Chair Powell's address at Jackson Hole late in the month. The key points from his speech were that restoring price stability will take some time and will likely require a period of below trend growth, which will also bring some pain to households and business. Powell added that a failure to restore price stability would mean a far greater pain, although current inflation expectations remain anchored at the moment.

US central bankers continued with the hawkish talk during the month. Mary Daly endorsed a further 50 bps point hike at the next meeting and not ruling out 75, should the data warrant a more aggressive response. Bullard also endorsed more aggressive action, front loading hikes and seeing the Fed Funds rate at around 3.75 - 4% by the end of the year, with a similar forecast from Kashkari.

Please refer to the end of this report for the footnotes

Domestically, the Reserve Bank of Australia (RBA) continued its path of policy normalisation, raising the cash rate by a further 0.50% to 1.85% at its August meeting. The RBA released its Statement of Monetary Policy in early August. There were further revisions up to the inflation outlook, with inflation forecast at 7.8% at the end of this year before falling to 4.3% by the end of 2023. This saw short end rates once again move towards a terminal cash rate nearer 4% than 3%, which was also pushed on by the US markets looking towards 4% Fed Funds rates in 2023.

Bond yields surged higher on the pivot to more hawkish central bank commentary and strong activity data over the month. In the US, the yield curve inverted further as short rates raced higher in anticipation of additional central bank tightening, with the U.S. 2-Year yield up 61 bps to 3.5%, while the U.S. 10-Year yield rose by 54 bps to 3.2%. In Australia, 3-year and 10-year bond yields ended the month 58 and 54 bps higher in yield at 3.23% and 3.61% respectively. The 3-month bank bill yield ended the month 34 bps higher at 2.46%, while 6-month bank bills ended 22bps higher at 3.01%.

Credit spreads performed well over the month. The Australian iTraxx index (series 37) traded in a 24-bps range finishing 4 bps tighter to 107 bps. Australian physical credit spreads narrowed 6 bps on average. The best performing sectors were infrastructure and real estate that tightened 12 and 11 bps respectively, whilst the worst performing sector was resources that widened 5 bps. Semi-Government bonds underperformed, pushing out 3 bps to Commonwealth Government bonds.

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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