ADVANCE
ASSET MANAGEMENT

ADVANCE CASH MULTI-BLEND FUND

As at 31 January 2021

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	$3,169.32
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	0.00	0.04	0.45	1.38	1.75	2.85
Growth return	(0.03)	(0.01)	(0.01)	0.01	0.03	0.17
Distribution return	0.03	0.05	0.46	1.38	1.72	2.68
Benchmark return	0.00	0.01	0.29	1.21	1.48	2.61

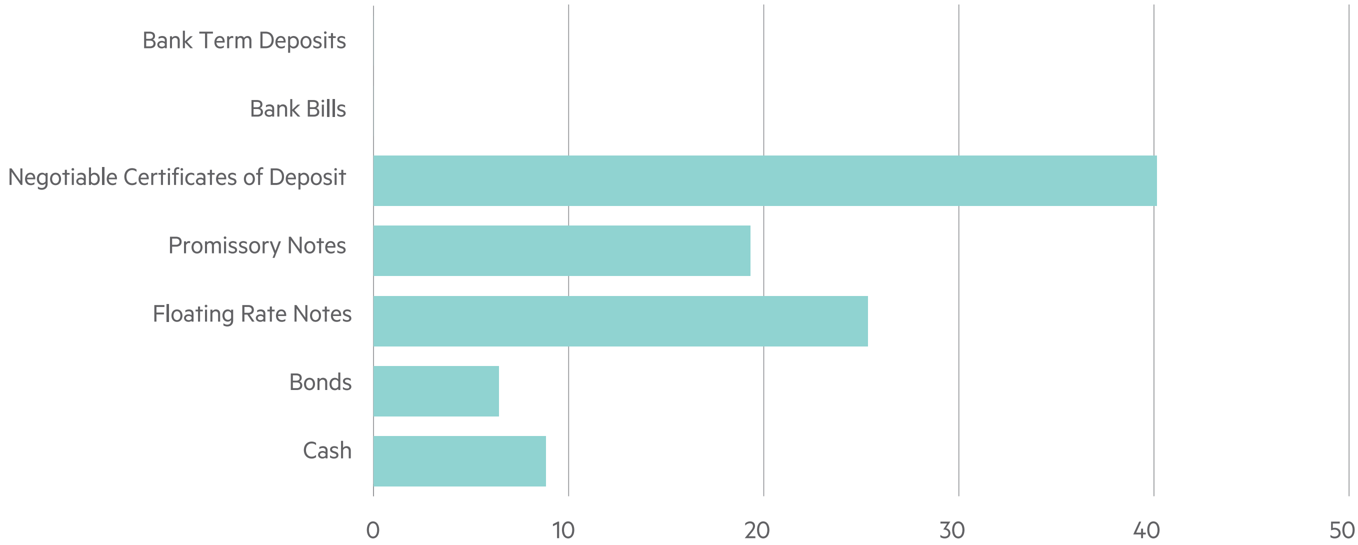
Benchmark: Bloomberg AusBond Bank Bill Index[SM]

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Limited	10.36
New South Wales Treasury Corp.	7.57
Bank of Queensland Limited	4.80
ING Bank N.V.	4.16
Westpac Banking Corporation	3.20

Please refer to the end of this report for the footnotes

SECTOR ALLOCATIONS[3,4]



CREDIT QUALITY[3,4,5]

	Fund (%)
AAA	0.16
AA	27.58
A	44.62
BBB	18.81
Sub Investment Grade	0.00
Not Rated	0.00
Cash & Derivatives	8.83

FUND CHARACTERISTICS[6]

	Portfolio	Benchmark
Effective Duration (Contribution)	0.16	0.12
Years to Maturity (Years)	0.29	0.13
Effective Yield (%)	0.12	0.02

FUND UPDATE

The Advance Cash Multi Blend Fund was flat against the benchmark over January. 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.

There was no Reserve Bank meeting in January with the main economic data being 4th quarter inflation released late in the month. Headline inflation rose by 0.9% for the quarter, which resulted in annual increase also of 0.9%. The Reserve Bank of Australia (RBA) last November stated that it would not be increasing the cash rate until progress is being made towards full employment and actual inflation will be sustainably within the 2-3% target band.

The RBA however did meet in February and left the cash rate unchanged. The contents of the statement were more dovish than what some in the market were expecting, announcing that they would be purchasing an additional $100bn when the current program is completed in mid-April.

Offshore, the Federal Reserve (Fed) met late in the month and left their monetary policy settings unchanged with asset purchases of $80bn Treasury Bonds and $40bn Mortgage Backed Securities per month seen as remaining appropriate. Comments from the Fed Chair Powell did weigh on risk sentiment when he noted that the US economy is a long way from a full recovery, that the real unemployment rate is closer to 10% and on inflation that the Fed 'will be patient and not react if we see small, transient inflation increases.

Ten-year bond yields in the US traded in a 27 basis point range, reaching their low of 0.90% early in the month before selling off following the US election result. Concerns over the timing and ability of US President Biden to execute his stimulus package saw bond yields rally into month end. US equity market jitters late in the month did not however result in a flight to safety. Australian yields mirrored the moves in the US, with 10-year bond yields ending the month 13 basis points higher in yield at 1.11%.

Credit market performance was mixed in January. The Australian iTraxx index (a proxy for the Australian credit markets) traded in a 8bp range finishing the month 7bps wider to +63bps.

Please refer to the end of this report for the footnotes

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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