ADVANCE
ASSET MANAGEMENT

ADVANCE CASH MULTI-BLEND FUND

As at 28 February 2021

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	$3,512.06
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	0.02	0.03	0.38	1.34	1.72	2.83
Growth return	(0.00)	(0.03)	(0.01)	0.00	0.04	0.17
Distribution return	0.02	0.06	0.39	1.34	1.68	2.66
Benchmark return	(0.00)	0.00	0.21	1.16	1.44	2.59

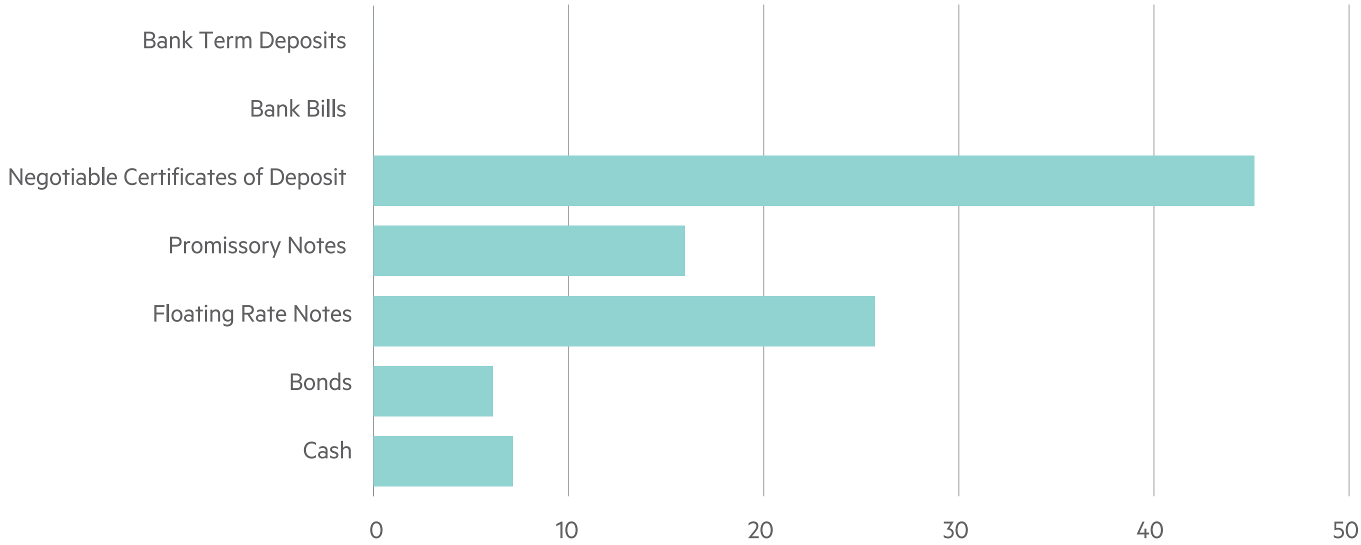
Benchmark: Bloomberg AusBond Bank Bill Index℠

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Limited	9.55
New South Wales Treasury Corp.	7.12
Commonwealth Bank of Australia	5.63
Bank of Queensland Limited	4.62
National Australia Bank Limited	4.46

Please refer to the end of this report for the footnotes

SECTOR ALLOCATIONS[3,4]



CREDIT QUALITY[3,4,5]

	Fund (%)
AAA	0.14
AA	28.60
A	46.06
BBB	18.06
Sub Investment Grade	0.00
Not Rated	0.00
Cash & Derivatives	7.14

FUND CHARACTERISTICS[6]

	Portfolio	Benchmark
Effective Duration (Contribution)	0.20	0.12
Years to Maturity (Years)	0.37	0.13
Effective Yield (%)	0.11	0.02

Please refer to the end of this report for the footnotes

FUND UPDATE

The Advance Cash Multi Blend Fund outperformed the benchmark during the month of February with both Blackrock and Pendal adding to the portfolio's excess returns.

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.

Bond yields rose aggressively in February as inflation fears from fiscal stimulus and a paring back of monetary policy expectations weighed on the market. In the US, Fed officials did not weigh against the move higher, seeing the rise in bond yields as a signal of growing optimism in the economic recovery.

The Reserve Bank of Australia (RBA) also surprised the market at its February meeting when announcing that Quantitative Easing (QE) would be extended once the initial $100bn program has been used up by mid April. The RBA will buy a further $100bn at a rate of $5bn per week, taking QE through until early September. The RBA also released their Statement on Monetary Policy (SoMP), with underlying inflation not forecast to reach the bottom end of their target band over the forecast horizon. The RBA left the cash rate unchanged at its meeting in early March and reiterated that they will not raise the cash rate until actual inflation is sustainably within the 2 to 3% target band. The RBA does not expect this to occur until 2024 at the earliest.

In light of the above, Australian 10 year bond yields traded in an 82 basis points (bps) range, selling off aggressively late in the month on inflation concerns globally and position liquidation. Australian 10 year bonds ended the month 76bps higher at 1.87%. 3 month implied rates for 2024 and 2025 peaked at 1.36% and 2.04% (from 0.66% and 1.02% in January), implying a cash rate that is closer to 1% and 1.75%. US 10 year bonds traded in a 48bps range, ending the month 33bps higher at 1.40%.

Credit spreads performed well in February. Risk markets continued to rally on positive sentiment on Covid-19 vaccine rollouts, fall in new global cases and hospitalisations, expectation of an increased size of US stimulus, and central banks remaining determined not to suggest any tightening of monetary policy in the near term. However, bond markets felt the pinch with yields increasing during the month on positive growth and inflation outlooks, as well as commodity prices rising. This saw some weakness in equity markets and credit spreads late in the month due to the pace of the increase in yields driving market uncertainty.

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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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.

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