

# ADVANCE CASH MULTI-BLEND FUND

As at 31 March 2021

## FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$3,473.42
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>

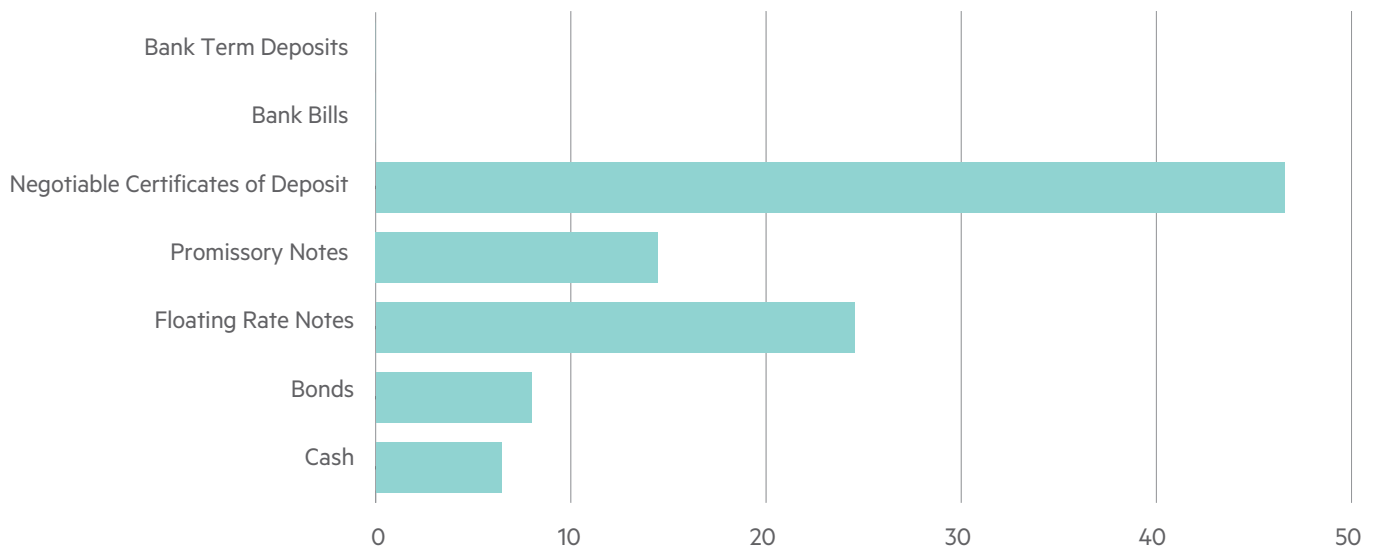
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	–	0.02	0.34	1.29	1.68	2.81
Growth return	(0.01)	(0.04)	0.00	0.00	0.04	0.17
Distribution return	0.01	0.06	0.34	1.29	1.64	2.64
Benchmark return	0.00	0.00	0.11	1.12	1.40	2.57

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

## TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Limited	10.35
National Australia Bank Limited	6.97
Commonwealth Bank of Australia	5.12
New South Wales Treasury Corp.	4.32
Bank of Queensland Limited	4.30

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



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

	Fund (%)
AAA	0.14
AA	26.93
A	46.70
BBB	19.79
Sub Investment Grade	0.00
Not Rated	0.00
Cash & Derivatives	6.44

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

	Portfolio	Benchmark
Effective Duration (Contribution)	0.18	0.13
Years to Maturity (Years)	0.35	0.13
Effective Yield (%)	0.14	0.04

## FUND UPDATE

The Advance Cash Multi Blend Fund performed in line with the benchmark during March. The Funds underlying managers were well-positioned to take advantage of the short-end curve steepening.

As it now appears unlikely that the Term Funding Facility (TFF) will not be extended further, the outlook for the level of outperformance is stable as we approach end of 2Q 2021. The withdrawal of the TFF may present opportunities as the bank funding landscape changes. Our underlying managers are running the portfolios with higher than normal liquidity. With a higher running yield than the benchmark, the fund is well positioned to outperform in the near term.

March was a relatively benign month for financial markets following the aggressive sell off in bond yields over the latter part of February, which weighed on risk sentiment. Bond yields continued their move higher during the month, albeit at a more subdued pace as fiscal stimulus in the United States (US) raised both economic growth and inflation expectations. The virus situation worsened in Europe, with the public health agency in Germany warning that a third wave had begun. Italy imposed national lockdowns whilst France and Poland introduced partial lockdowns.

Sentiment was also dented during the month over concerns that the AstraZeneca vaccine may result in blood clotting. In the US the \$19tn COVID relief bill was passed, and further fiscal stimulus was mooted late in the month with headlines of an infrastructure package of \$3tn.

The Federal Reserve (Fed) left its policy settings unchanged at its March meeting. The summary of economic projections reflected a more positive outlook on the state of the US economy, with economic growth forecast now to increase by 6.5% (from 4.2% previously) in 2021. The unemployment rate is now forecast to be 4.5% (from 5%) and core PCE inflation is expected to rise 2.2% in 2021 (previously 1.8%). The longer-term inflation forecast remains benign with rises of 2% and 2.1% forecast for 2022 and 2023.

In the following press conference Fed Chair Powell reiterated that the criteria for raising rates includes maximum employment, 2% inflation along with an expected inflationary trajectory to exceed 2% for some time. Transitory factors that see an increase in the inflation rate will be looked through. Late in the month the Fed also announced that the Supplementary Leverage Ratio exemption would expire at the end of March, putting upward pressure on US treasury yields.

Inflation concerns remain in the US with the prices paid component of the ISM manufacturing index rising to its highest level since 2008. This index has been a strong leading indicator for core PCE inflation which is one of the Fed's favoured inflationary measures, although it has been affected by high commodity prices and supply disruptions due to the pandemic.

Credit spreads were mixed in March with synthetic indices rallying whilst physical securities widened.

- 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](http://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](http://www.advance.com.au). The Financial Services Guide ('FSG') for Advance can be obtained via [www.advance.com.au](http://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.

AD40676-0421sx