

ADVANCE CASH MULTI-BLEND FUND

As at 31 May 2021

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$3,650.95
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

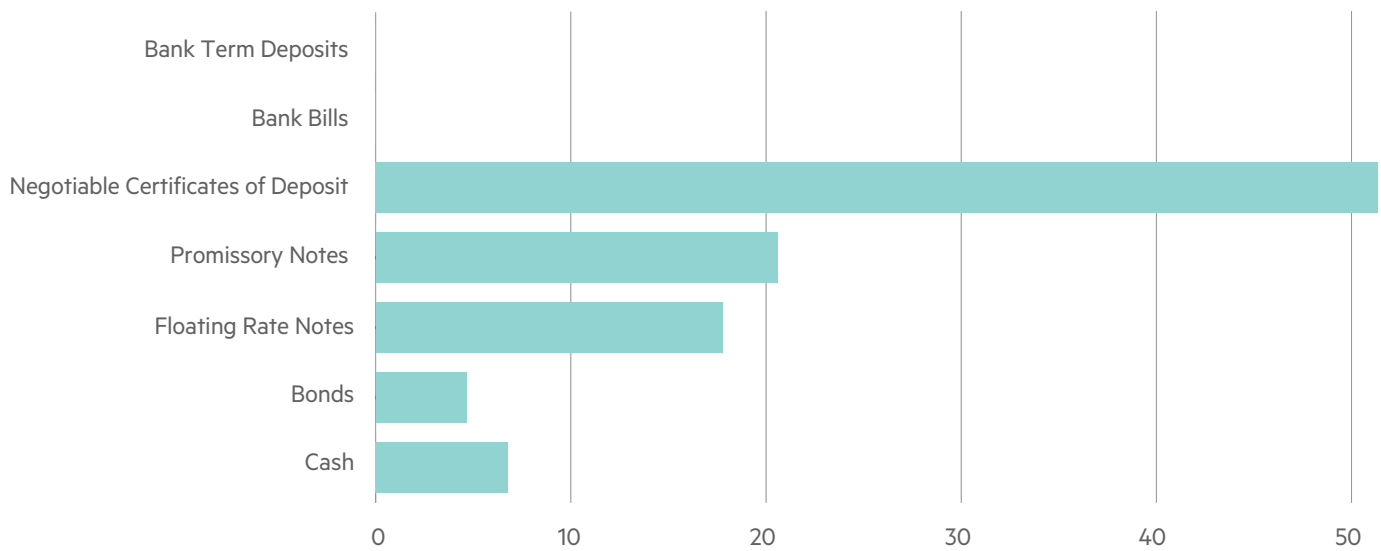
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.00	0.02	0.18	1.18	1.58	2.77
Growth return	(0.01)	(0.01)	(0.03)	0.01	0.0	0.16
Distribution return	0.01	0.03	0.20	1.17	1.56 ²	2.61
Benchmark return	0.00	0.001	0.06	1.01	1.33	2.53

Benchmark: Bloomberg AusBond Bank Bill IndexSM

TOP 5 ISSUERS

	Fund (%)
New South Wales Treasury Corp.	9.59
Bendigo and Adelaide Bank Ltd.	9.37
Sumitomo Mitsui Banking Corp. (Sydney Branch)	5.81
Commonwealth Bank of Australia	5.27
Australia and New Zealand Banking Group Ltd.	5.24

SECTOR ALLOCATIONS^{3,4}



CREDIT QUALITY^{3,4,5}

	Fund (%)
AAA	0.14
AA	32.30
A	41.26
BBB	17.58
Sub Investment Grade	0.00
Not Rated	1.94
Cash & Derivatives	6.77

FUND CHARACTERISTICS⁶

	Portfolio	Benchmark
Effective Duration (Contribution)	0.19	0.12
Years to Maturity (Years)	0.32	0.12
Effective Yield (%)	0.14	0.03

FUND UPDATE

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

The excess yield from non-major bank money market securities and the margin from Floating Rate Notes (FRN's) has resulted in the portfolio yielding a higher rate than the index. The portfolio remains conservatively positioned relative to its benchmark. The rise in 6-month BBSW (to 10bps from 2bps) will assist performance going forward. Offsetting this is the margin contraction due to financial institutions being flush with cash.

The portfolio remains highly liquid and with a higher running yield than the benchmark is well positioned to outperform in the near term.

May saw the Reserve Bank of Australia (RBA) provide updated forecasts in their statement on monetary policy. Economic growth was revised higher from 3.5% to 4.75% for 2021, with 2022 unchanged at a healthy 3.5%. Reflecting the better-than-expected growth, the unemployment rate was revised to 5% from 6% by the end of 2021 and is now forecast to be at 4.5% by the end of 2022. Despite these stronger forecasts trimmed mean inflation was only revised up slightly - only 2% by mid-2023. The RBA indicated it will not increase the cash rate until actual inflation is sustainably within their 2-3% target range, meaning the cash rate will not move for at least 2 years.

Business confidence reached an all-time high and business conditions improved even further from the record high set in the preceding month. Forward-looking indicators suggest conditions will remain strong in the coming months with both forward orders and capacity utilisation showing a growing pipeline of work. The Federal Budget was also released during the month, and in line with the improved outlook for economic growth reflected budget deficits that were lower than those forecast at the end of 2020. The budget deficit for 2020/21 is now forecast to be \$161bn, down from their December forecast of \$197.7bn. The deficits are expected to decline in the coming years, with a deficit of \$57bn forecast for 2024/25 and resulting in net debt of 40.9% of GDP.

Australian bond yields ended the month slightly lower in Australia with 10-year physical bonds rallying by 3bps to 1.66%. The RBA's yield curve control and large amounts of cash in the system also saw short end yields also rally by 4bps, with the 3-year bond now below the yield curve target.

- 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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