

ADVANCE CASH MULTI-BLEND FUND

As at 31 July 2021

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$3,301.27
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

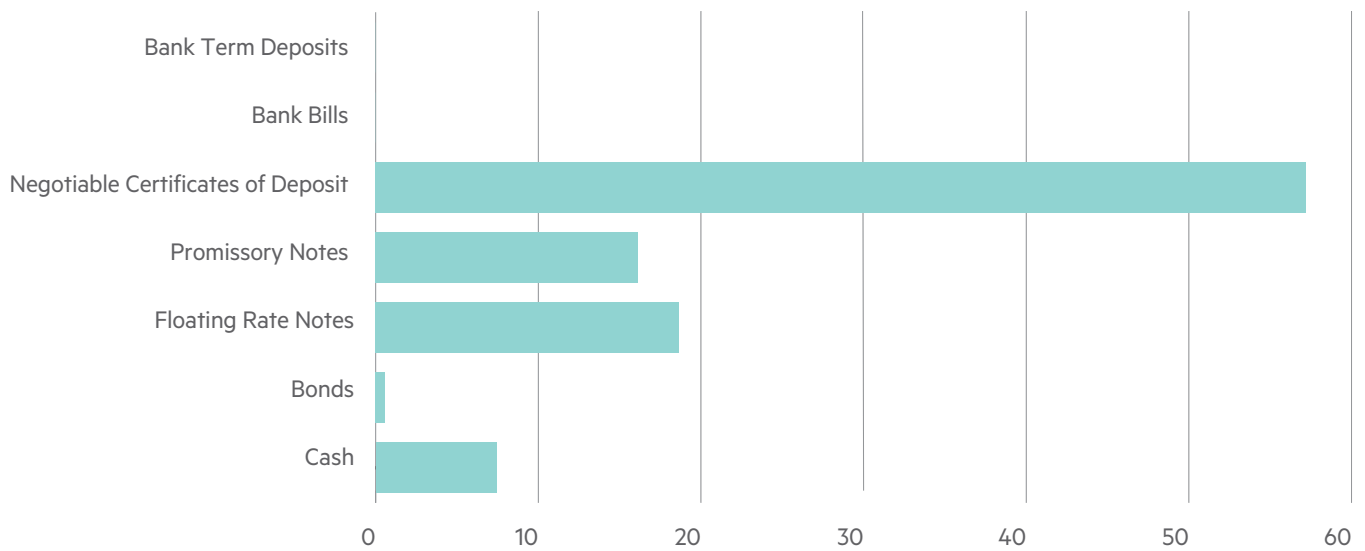
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.01	0.02	0.15	1.06	1.50	2.73
Growth return	(0.05)	(0.06)	(0.08)	(0.00)	0.01	0.16
Distribution return	0.06	0.08	0.23	1.07	1.49	2.57
Benchmark return	0.00	0.01	0.05	0.89	1.26	2.49

Benchmark: Bloomberg AusBond Bank Bill IndexSM

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Ltd.	9.94
Sumitomo Mitsui Banking Corp. (Sydney Branch)	9.40
New South Wales Treasury Corp.	6.06
Westpac Banking Corp.	5.39
Commonwealth Bank of Australia	5.01

SECTOR ALLOCATIONS^{3,4}



CREDIT QUALITY^{3,4,5}

	Fund (%)
AAA	0.15
AA	31.40
A	41.02
BBB	18.57
Sub Investment Grade	0.00
Not Rated	1.42
Cash & Derivatives	7.43

FUND CHARACTERISTICS⁶

	Portfolio	Benchmark
Effective Duration (Contribution)	0.15	0.12
Years to Maturity (Years)	0.26	0.13
Effective Yield (%)	0.09	0.02

FUND UPDATE

The Advance Cash Multi Blend Fund marginally outperformed the benchmark during the month of July.

Portfolio positioning remains consistent with prior months. The excess yield from non-major bank money market securities and the margin from FRN's has resulted in the portfolio yielding a higher rate than the index. The portfolio remains conservatively positioned relative to its benchmark. The Term Funding Facility expired at the end of June and will eventually result in financial institutions issuing debt rather than tapping funding at 0.10%. This is a welcome development. Offsetting this: ongoing quantitative easing that sees banks remaining flush with cash, which in turn results in ongoing margin contraction.

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

Economic data took a back seat to rising concerns over the Delta variant of the coronavirus in July. Domestically this resulted in lockdowns being imposed that now make it likely that the domestic economy will now contract in the third quarter of the year. Risk sentiment was also negative - affected by a series of events out of China. Long-end bond yields rallied with the Australian 10-year bond trading in a 35 bps range, ending the month at 1.18%.

Prior to the above, the improving state of the Australian economy had seen the Reserve Bank of Australia (RBA) announce that it would begin tapering their bond purchases at the end of their current program in September, from \$5bn per week to \$4bn per week, until at least mid-November. The wording in the statement also contained a tweak that opened the possibility that a rate hike could occur before 2024. The market interpreted the change as more hawkish and saw the bank bill futures sold off by up to 10bps.

The key economic data released domestically during July was the Q2 inflation data. Headline inflation rose by a slightly higher than expected 0.8% for the quarter, taking the annual inflation rate to 3.8%. However, markets expect the higher annual headline rate will subside in the coming quarters as the effect from previous subsidies and grants washes through the numbers.

Offshore, the FOMC meeting late in the month produced no real surprises with the Fed continuing quantitative easing at the rate of \$120bn per month (\$80bn in Treasuries, \$40bn in Agency mortgage-backed securities). Chairman Powell stated that "we're some ways away from substantial progress on jobs" and "the Fed is nowhere near considering raising rates" even though progress had been made on its employment and inflation goals.

- 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

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