ADVANCE ASSET MANAGEMENT

ADVANCE CASH MULTI-BLEND FUND

As at 31 August 2021

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	$3,429.31
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	0.02	0.12	1.00	1.46	2.71
Growth return	(0.01)	(0.06)	(0.10)	(0.01)	0.00	0.16
Distribution return	0.01	0.08	0.22	1.01	1.46	2.56
Benchmark return	0.00	0.01	0.04	0.84	1.22	2.47

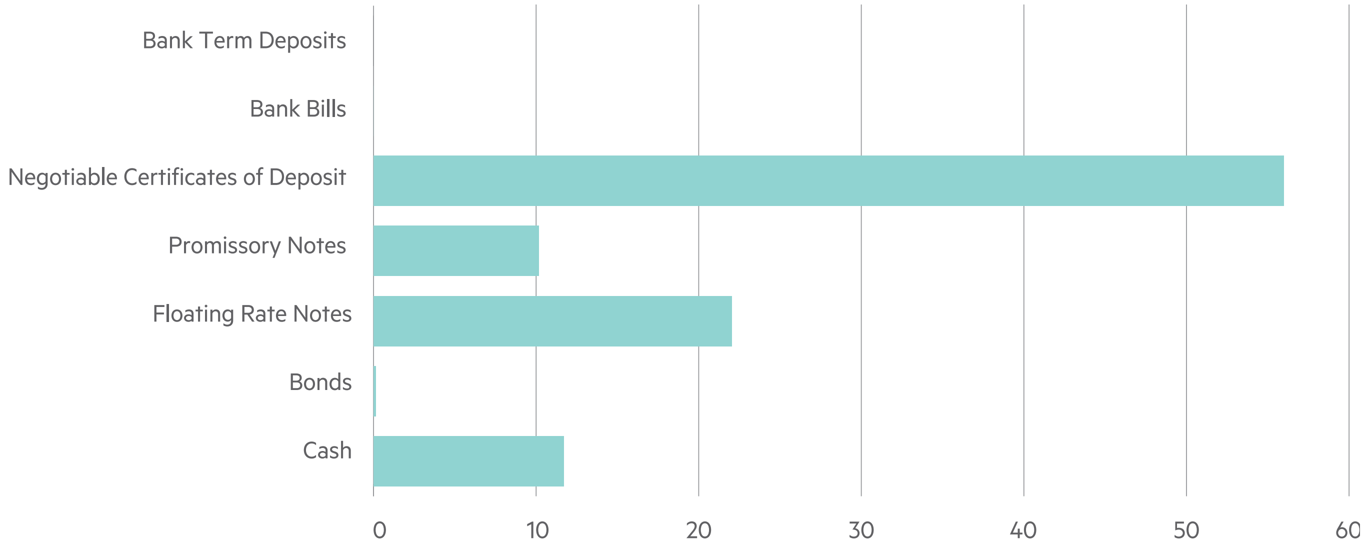
Benchmark: Bloomberg AusBond Bank Bill Index[SM]

TOP 5 ISSUERS

	Fund (%)
Sumitomo Mitsui Banking Corp. (Sydney Branch)	10.73
Bendigo and Adelaide Bank Limited	9.36
Oversea-Chinese Banking Corporation Limited	5.28
Westpac Banking Corporation	5.26
Commonwealth Bank of Australia	4.87

Please refer to the end of this report for the footnotes

SECTOR ALLOCATIONS[3,4]



CREDIT QUALITY[3,4,5]

	Fund (%)
AAA	0.15
AA	26.17
A	42.94
BBB	17.67
Sub Investment Grade	0.00
Not Rated	1.37
Cash & Derivatives	11.71

FUND CHARACTERISTICS[6]

	Portfolio	Benchmark
Effective Duration (Contribution)	0.17	0.13
Years to Maturity (Years)	0.34	0.13
Effective Yield (%)	0.10	0.02

Please refer to the end of this report for the footnotes

FUND UPDATE

The Advance Cash Multi Blend Fund performance was flat over the month in line with the benchmark.

Portfolio positioning remains consistent with prior months. 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 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 is ongoing quantitative easing that sees banks remaining flush with cash, which in turn resulting 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.

Progressive steps in US fiscal legislation helped equities glide higher in the first half of August. The main contributor to sentiment was the Lower House endorsement of the Senate's $3.5 trillion reconciliation bill. While not a cheque for added spending, the signature does enable Upper House Democrats to approve prospective fiscal measures without a Republican vote, removing the threat of a filibuster. The resolution followed passage of a separate $1.2 trillion infrastructure package into the advanced stages, which sparked a broad-based upgrade to earnings.

Despite this, talk of a hastened tapering process drove investors to the sidelines. With Fed Chair Powell tight-lipped on the subject, expectation grew for a tapering of Fed asset purchases, potentially to be announced over the Jackson Hole conference. These concerns were allayed late in the month as Powell dismissed talk that he would fast-track the normalisation process, emphasising that a reduction to the Fed's bond program should not be interpreted as a green light for rate hikes.

Domestically, Australia's path to normalisation continues to face headwinds due to the effects of the pandemic that will see Q3 economic growth contract. The labour market has shown better than expected strength prior to lockdowns, however this is yet to be reflected in wage inflation outcomes which rose by a less than expected 0.4% in the 2nd quarter and resulted in annual wage inflation of only 1.7%. For the RBA to achieve inflation sustainably within 2-3%, it will require much larger wage inflation outcomes than this figure.

At the short end of the curve, 30-day bank bills remained at 0.01% over the month, while 90-day bank bills fell 0.01% to 0.01%, and 180-day bank bills fell 0.02% to 0.03%. The average yield on the benchmark was unchanged over August ending the month at 0.02%.

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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