

ADVANCE CASH MULTI-BLEND FUND

As at 30 September 2021

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$2,855.43
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

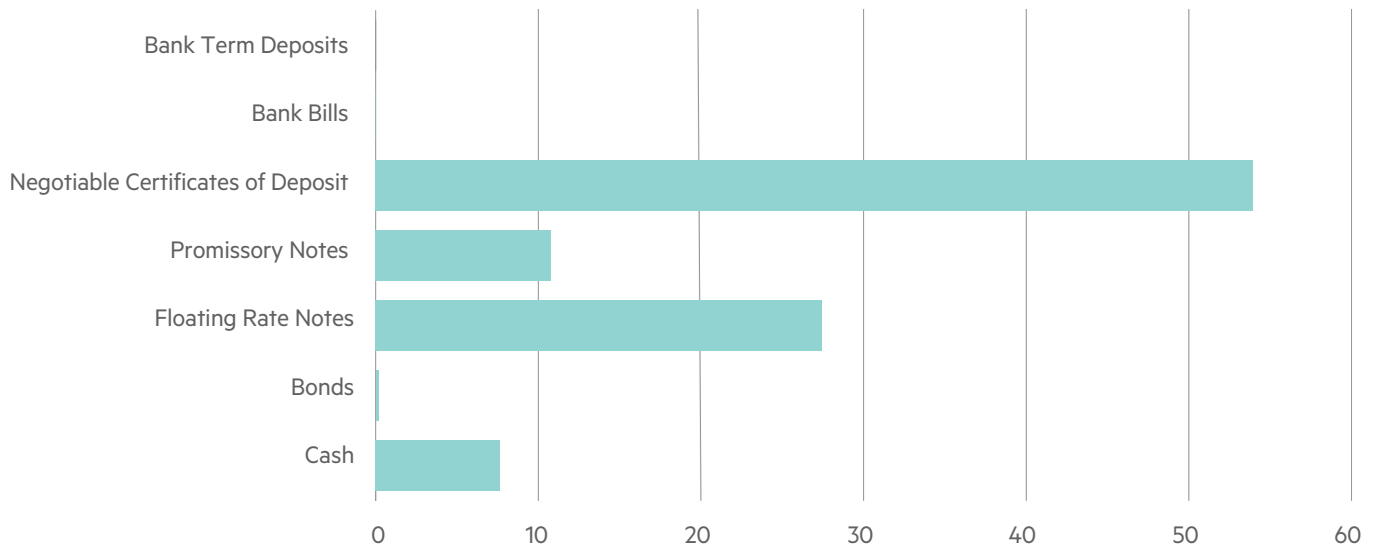
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	–	0.01	0.12	0.94	1.42	2.69
Growth return	(0.02)	(0.08)	(0.11)	(0.03)	0.00	0.15
Distribution return	0.02	0.09	0.23	0.97	1.42	2.54
Benchmark return	0.00	0.01	0.04	0.79	1.20	2.46

Benchmark: Bloomberg AusBond Bank Bill IndexSM

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Limited	9.84
Sumitomo Mitsui Banking Corp. (Sydney Branch)	8.43
Oversea-Chinese Banking Corporation Limited	6.72
Commonwealth Bank of Australia	5.85
ING Bank N.V.	4.62

SECTOR ALLOCATIONS^{3,4}



CREDIT QUALITY^{3,4,5}

	Fund (%)
AAA	0.00
AA	26.05
A	46.02
BBB	18.63
Sub Investment Grade	0.00
Not Rated	1.65
Cash & Derivatives	7.66

FUND CHARACTERISTICS⁶

	Portfolio	Benchmark
Effective Duration (Contribution)	0.19	0.13
Years to Maturity (Years)	0.37	0.13
Effective Yield (%)	0.13	0.03

FUND UPDATE

The Advance Cash Multi Blend Fund return remained flat over the month of September, in line with the Bloomberg Ausbond Bank Bill Index. Blackrock and Pandal both adding to the portfolio returns.

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 that 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 reasonably well positioned to outperform in the near term.

Risk markets started the month strongly with the MSCI World Index reaching new highs before risk sentiment waned on a myriad of concerns. Credit concerns, global supply chain issues, power and fuel shortages and more hawkish central banks all contributed to weigh on risk sentiment over the month.

Offshore in the US, the Fed was seen as more hawkish at their September meeting. The dot plot revealed that 9 of the 18 participants now see the first rate hike occurring in 2022 and the median forecast is for the Fed Funds rate to be at 1% by the end of 2023 (i.e. 3.5 rate hikes from current settings). On the tapering front, the Fed noted that "a moderation in asset purchases may soon be warranted".

Domestically the APRA advised all authorised deposit taking institutions that the size of the Committed Liquidity Facility (CLF) will be reduced in progressive steps and will be at zero by the end of 2022. The need for the CLF has diminished due to the increasing size of Commonwealth and State Government bonds being issued that can be used for banks to meet their High-Quality Liquid Assets.

Australian Q2 growth rose by 0.7%, taking the annual rate to 9.6% - a stellar number but largely due to base effects from the contraction witnessed in the economy in the Q1 of 2020. Third quarter economic growth will likely be impacted by lockdowns and will see the economy contract. The unemployment rate fell by 0.1% to 4.5% in August, due to the reduction in the participation rate rather than actual employment growth, which fell by 146,300 jobs in the month. Business surveys indicate a willingness by employers to retain workers due to a tightening labour market and potential difficulty in attracting employees when the economy fully re-opens.

Australian rates sold off over the month, with 10-year bonds ending the month 34bps higher at 1.48%. In the United States 10-year bonds were off 18bps to 1.49%.

- 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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