

ADVANCE CASH MULTI-BLEND FUND

As at 31 August 2020

FUND OVERVIEW

	Wholesale
Inception date	June 2002
APIR	ADV0069AU
Fund size (AUD millions)	\$3,682.06
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	0.19
Buy/sell spread (%)	0.00 / 0.00

FUND PERFORMANCE²

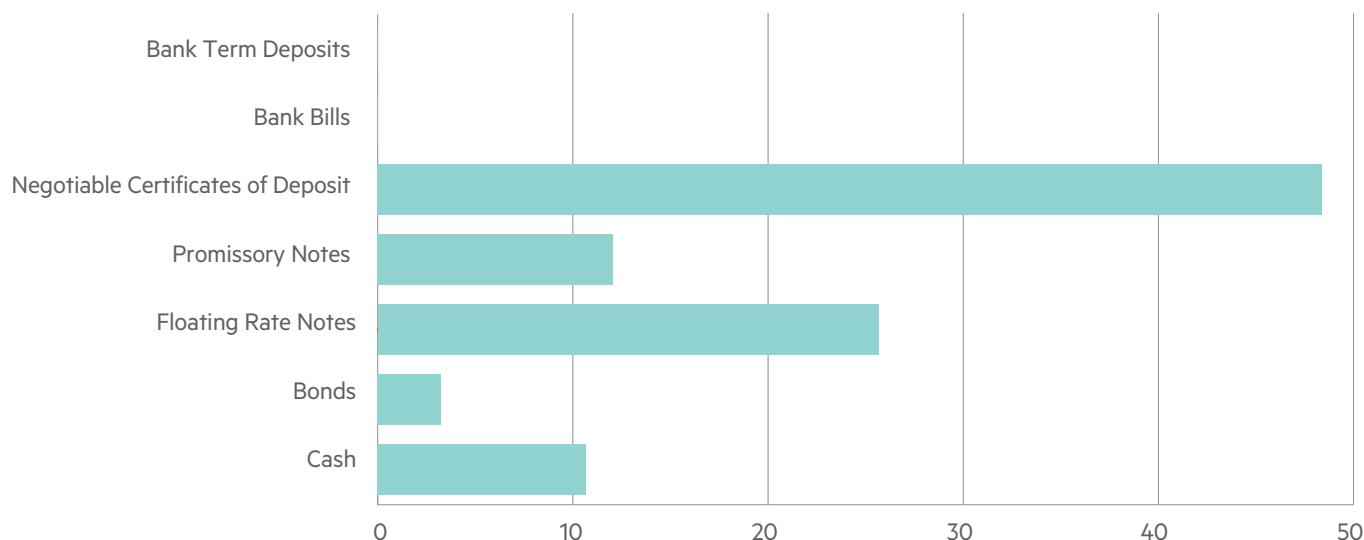
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.03	0.08	0.86	1.65	1.93	2.96
Growth return	0.01	0.01	0.02	0.01	0.03	0.18
Distribution return	0.02	0.07	0.84	1.64	1.91	2.78
Benchmark return	0.01	0.03	0.66	1.44	1.66	2.71

Benchmark: Bloomberg AusBond Bank Bill IndexSM

TOP 5 ISSUERS

	Fund (%)
Bendigo and Adelaide Bank Limited	8.19
National Australia Bank Limited	7.73
Bank of Queensland Limited	6.52
Sumitomo Mitsui Banking Corp. (Sydney Branch)	5.16
United Overseas Bank Ltd. (Singapore)	4.84

SECTOR ALLOCATIONS^{3,4}



CREDIT QUALITY^{3,4,5}

	Fund (%)
AAA	0.16
AA	31.50
A	39.00
BBB	18.68
Sub Investment Grade	0.00
Not Rated	0.00
Cash & Derivatives	10.66

FUND CHARACTERISTICS⁶

	Portfolio	Benchmark
Effective Duration (Contribution)	0.19	0.12
Years to Maturity (Years)	0.30	0.12
Effective Yield (%)	0.24	0.12

FUND UPDATE

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

Credit themes remain consistent with developments in recent months. The support provided by central banks and Federal governments is outweighing the negative effects from the economic headwinds that most companies are facing. The term funding facility, which provides three year funding at 0.25% to banks for up to 3% of their outstanding credit, and the significant cash balances that major banks are sitting on means that BBSW rates are likely to remain below cash and credit spreads due to a lack of primary market issuance.

Bond yields moved higher over the month as positive risk sentiment saw equity markets perform well. In the United States the Federal Reserve (the Fed) announced that it would move to a 2% average inflation targeting regime. In addition, the Fed announced that they will only respond to shortfalls of employment, rather than a deviation above or below the maximum level. Essentially the Fed are prepared to see the labour market run hot without any change to monetary policy unless inflation is above their 2% target for a period of time. Details on how long the Fed would be prepared to see inflation above 2% before they would respond were light, disappointing the market.

Australian bond yields drifted higher in August, but remain largely range bound. Ten year yields sold off 17 basis points (bps) on the month, from 0.85% to 1.02%. Three year yields remain supported by Yield Curve Control and remained unchanged at 0.29% for the generic bond. A new \$21 billion 11 year bond from the Australian Office of Financial Management (AOFM) weighed on markets into month end.

The Reserve Bank of Australia (RBA) also began small levels of purchases in August, the first since May. This was driven by a small drift higher in three year yields above their 0.25% target. Also, large scale of Australian Government issuance drained money from the bank's Excess Reserves, which gets topped up when the RBA conducts Quantitative Easing (QE). The RBA now holds \$60 billion of bonds, an increase of \$10 billion on the month.

- 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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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. The Financial Services Guide ('FSG') for Advance can be obtained via 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.

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