

Advance Cash Multi-Blend Fund

Fund overview

ARSN	094 113 050
APIR	ADV0069AU
Commencement date	01 June 2002
Fund size (AUD)	\$1,297.2m
Benchmark	Bloomberg AusBond Bank Bill Index
Recommended investment timeframe	At least 1 year
Risk label	Low
Minimum initial investment	\$500,000
Distribution frequency	Monthly
Investment management fee pa*	0.12%

*Additional fees and charges may apply. See the Product Disclosure Statement ('PDS') for details.

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.

Investment strategy

The Fund invests in various types of money market and short dated Australian fixed interest securities and instruments. Liquidity, credit and duration risks are managed by analysing the monetary policy cycle and other economic factors.

Investment managers

As the Responsible Entity, Advance Asset Management Limited ('AAML') selects investment managers for Advance Cash Multi-Blend Fund ('the Fund') and we manage and monitor the managers on your behalf. Therefore we may remove, replace, or appoint additional investment managers at our discretion at any time.

For information on the Fund's investment managers, please refer to the Manager List for the Fund available at mercer.com.au/mercerfunds.

Performance review

Total return	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa
After fees and costs ^{1,2}	0.4	1.1	3.6	1.4	1.4	1.6
Benchmark	0.4	1.0	3.4	1.2	1.2	1.4

Notes: **Past performance is not a reliable indicator of future performance.**

- Returns are calculated using month end exit prices and assume distributions are reinvested. Returns over 12 months are annualised.
- Performance figures are calculated after deduction of investment management fees and costs, and any applicable performance fees. See the PDS for details of current fees and costs.

Market update

In August, equities lost momentum and weakened (in local currency terms) after a strong rally over recent months. On a relative basis, US equities outperformed most major developed and emerging markets, while growth stocks generally outperformed value. Fixed income returns were broadly flat to slightly negative. The real asset sector saw the largest declines, with global REITs and infrastructure down markedly.

A combination of weaker forward-looking indicators, a modest uptick in inflation data, particularly in the US, and Fitch Ratings' downgrade of its US credit rating at the start of August, impacted returns.

Composite purchasing manager indices (PMI) continue to soften across the globe with the US Composite PMI falling to a six-month low in August. A similar scenario for the Eurozone, China, UK and Australia, however, Japan bucked the trend with a marginally higher reading. Consumer confidence continues to weaken with increasing signs of consumer distress, such as rising credit card and auto-loan delinquencies. After a period of strength, global labour markets appear to be cooling off. US employment data saw a distinct weakening in August with a solid uptick in its unemployment rate (+0.3% to 3.8%).

Headline inflation dropped sharply in the Eurozone and UK, largely driven by base effects as the 2022 inflationary spike rolls off. Elsewhere, inflation ticked up slightly in the US as a bounce in energy prices fed into its CPI numbers, however, CPI data was broadly unchanged in Japan and China.

At the annual summit in Jackson Hole, Wyoming, central bankers expressed cautious optimism, while acknowledging inflationary expectations remain elevated. Federal Reserve Chairman, Jerome Powell, reiterated the Fed's goal of bringing inflation down to its 2% target and is prepared to lift rates further if required. The Bank of England raised interest rates for the 14th consecutive month with its policy rate now sitting at 5.25%. On the flipside, the People's Bank of China introduced a number of easing measures, cutting its key interest rate (1yr Loan Prime Rate) to a record low of 3.45%.

In terms of August returns, Hedged Developed Markets Overseas Shares declined -1.9% and Unhedged Emerging Markets Equities dropped -2.4%. Hedged Overseas Government Bonds delivered a narrow loss of -0.3% over the month as government bond yields experienced an uptick in most major regions. Using 10 year government bonds as a guide, US yields saw a jump of 16bps, both Japan and UK were up 6bps, however, there were slight declines for German and Australian 10 year yields.

Australian Shares returned -0.8% in August, outperforming hedged overseas counterparts. Key contributing sectors were Consumer Discretionary (5.8%) and Real Estate (2.2%), whereas Materials (-2.0%) and Consumer Staples (-3.1%) detracted.

Currency markets

The Australian Trade Weighted Index moved lower over August (-1.1% to 60.6). This outcome was a combination of the Australian dollar depreciating against the US Dollar (-3.9% to US\$0.648), Euro (-2.4% to EU€0.597), UK pound (-2.4% to GB£0.511) and Japanese Yen (-1.5% to JP¥94.287).

Further Information

Please contact your financial adviser or:

Go to mercer.com.au/mercerfunds
Email InvestorHelpAU@mercer.com
Call 1300 728 928

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