

Advance Cash Multi-Blend Fund

Fund overview

ARSN	094 113 050
APIR	ADV0069AU
Commencement date	01 June 2002
Fund size (AUD)	\$1297.2m
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 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}	0.3	0.9	3.1	1.1	1.3	1.6
Benchmark	0.3	0.9	2.9	1.0	1.2	1.3

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 June, global equities, commodities and REITs posted strong returns, while bonds were generally flat with credit outperforming government bonds.

Markets continue to price in a soft landing as news flow remains focused on falling headline inflation, a potential end to the global interest rate hiking cycle and broad economic resilience, despite challenges for some sectors, such as regional banks.

Inflation continues to edge down in most major economies raising hopes that the hiking cycle is near an end in most regions. Although the Federal Reserve kept rates on hold for the first time in over a year, forward guidance was more hawkish than expected, which weakened the positive momentum that markets carried during the first half of the month. The ECB and RBA hiked rates by 25bps each, while the Bank of England was compelled to hike by 50bps, given stubbornly elevated levels of inflation in the UK. China continued to ease as its expected economic recovery has been underwhelming. Labour markets remain resilient, with unemployment only marginally rising in some regions, however, remaining close to multi-decade lows.

Volatility in rate markets fell in June, following the resolution of the debt ceiling talks, and the pause in monetary tightening in the US. Bond yields rose slightly in June, while credit spreads slightly decreased during the month.

Over June, Hedged Developed Markets Overseas Shares returned 5.6%, US stocks outperformed emerging markets and other international developed markets. Value and growth stocks delivered similar results in June, although year to date growth has significantly outperformed value. Japan contributed significantly to the outperformance of developed markets, gaining 7.5% in June, as the Bank of Japan continues to stimulate the economy. Emerging Markets Shares (UH) gained 0.9%, held back by weakness in China. Latin America was the standout in emerging markets as the recovery in commodities provides a tailwind for its equities.

Hedged Overseas Government Bonds returned -2.3% over the month, as bond yields generally increased during June. In the US, the 10-year bond yield rose by 16bps. In developed markets outside the US, 10-year yields fell by 3bps in Japan, while yields rose 20bps in the UK, and 13bps in the Eurozone. US inflation expectations, as measured by the 10-year inflation breakeven rate, was unchanged and ended June at 2.2%.

Australian Shares returned 1.7%, underperforming their overseas counterparts in June. Materials (4.6%) and Financials (3.1%) were the strongest sectors, meanwhile Healthcare (-6.4%), and Communication Services (-1.0%) were the largest detractors.

Currency markets

The AUD Trade Weighted Index increased to 61.7 over June. The AUD appreciated against the US Dollar (2.9%), the Pound Sterling (0.3%), the Euro (0.5%) and the Japanese Yen (6.4%).

Further Information

Please contact your financial adviser or:

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

Disclaimer

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You should refer to the Product Disclosure Statement (PDS), Financial Services Guide (FSG) and Target Market Determination (TMD) (available at mercer.com.au/mercerfunds) before making a decision about the product and consider seeking independent advice from a professional financial adviser if you are unsure what action to take.

- If you are a direct investor who meets the eligibility criteria detailed in the PDS please complete the accompanying application form or;
- If you are investing through an Investor Directed Portfolio Service (IDPS) or an IDPS-like service (such as a master trust, wrap account, custody or nominees service), complete the forms your provider requires.

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