

# Colonial First State Wholesale Cash Funds

## Colonial First State Wholesale Premium Cash Fund

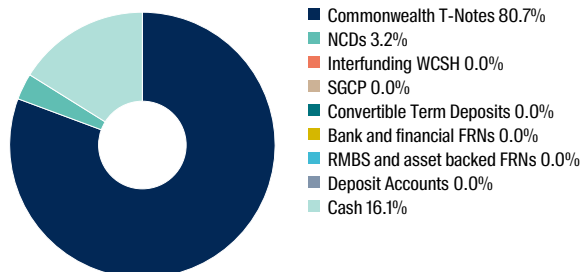
### Product details

APIR code	COM0024AU
Inception date	31 July 1993
Fund size (A\$ million)	468
Benchmark	RBA Cash Rate
Fund manager	Tony Togher
Buy/sell spread	Nil
Minimum investment (A\$)	500,000
Rating	AAAm (Standard & Poor's)
Fund duration	0.04

### Performance summary (% before fees and expenses)

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	Incep.
Fund return	0.02	0.05	0.13	0.61	1.39	1.66	4.66
Benchmark return	0.02	0.06	0.13	0.43	1.07	1.31	4.27
Excess return	0.00	-0.01	0.00	0.18	0.32	0.35	0.39

### Fund composition



### Maturity breakdown (%)

Grade	Weight
0 - 30 days	32.18
31 - 90 days	40.23
91 - 180 days	27.59
181 - 364 days	0.00

## Colonial First State Wholesale Institutional Cash Fund

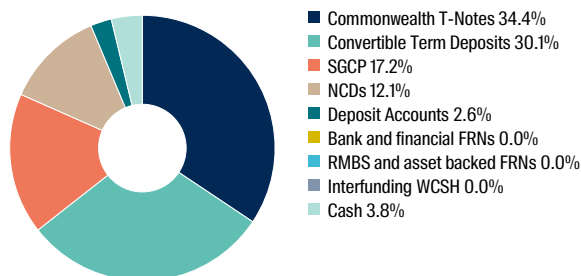
### Product details

APIR code	FSF1809AU
Inception date	15 June 2016
Fund size (A\$ million)	2,037
Benchmark	RBA Cash Rate
Fund manager	Tony Togher
Buy/sell spread	Nil
Minimum investment (A\$)	500,000
Fund duration	0.14

### Performance summary (% before fees and expenses)^

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	Incep.
Fund return	0.02	0.07	0.14	0.68	1.54	1.78	4.68
Benchmark return	0.02	0.06	0.13	0.43	1.07	1.31	4.27
Excess return	0.00	0.00	0.01	0.25	0.46	0.47	0.41

### Fund composition



### Maturity breakdown (%)

Grade	Weight
0 - 30 days	47.67
31 - 90 days	23.23
91 - 180 days	19.86
181 - 364 days	9.24

^The WICF was launched on 15 June 2016 and accordingly, the actual returns of the fund is from its inception date. For longer period returns, the above performance summary is based on the performance of the Colonial First State Wholesale Premium Cash Fund (WPCF) up to 14 June 2016. Up until the 14 June 2016, the strategy of WPCF is the same as the strategy for WICF. The inception date of the WPCF is 31 July 1993.

# Colonial First State Wholesale Cash Funds

## Colonial First State Wholesale Strategic Cash

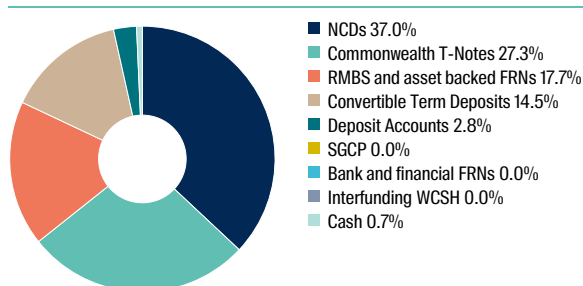
### Product details

APIR code	FSF0075AU
Inception date	31 May 1998
Fund size (A\$ million)	5,642
Benchmark	Bloomberg AusBond Bank Bill Index
Fund manager	Tony Togher
Buy/sell spread	Nil
Minimum investment (A\$)	500,000
Fund duration	0.16

### Performance summary (% before fees and expenses)

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	Incep.
Fund return	0.07	0.18	0.43	0.99	1.83	2.10	4.46
Benchmark return	0.01	0.03	0.05	0.51	1.35	1.59	4.16
Excess return	0.06	0.15	0.37	0.48	0.48	0.51	0.30

### Fund composition



### Maturity breakdown (%)

Grade	Weight
0 - 30 days	46.22
31 - 90 days	26.19
91 - 180 days	27.59
181 - 364 days	0.00

## Colonial First State Wholesale Premium Cash Enhanced Fund

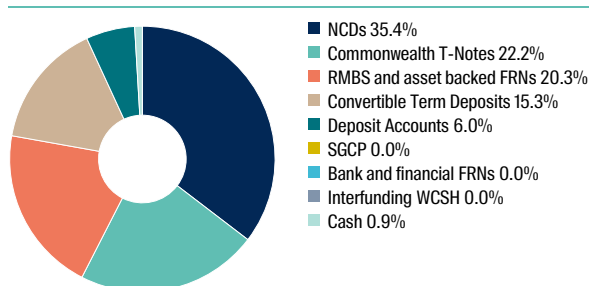
### Product details

APIR code	COM0029AU
Inception date	31 December 2000
Fund size (A\$ million)	877
Benchmark	Bloomberg AusBond Bank Bill Index
Fund manager	Tony Togher
Buy/sell spread	Nil
Minimum investment (A\$)	500,000
Rating	AAf (Standard & Poor's)
Fund duration	0.15

### Performance summary (% before fees and expenses)

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	Incep.
Fund return	0.08	0.18	0.43	0.99	1.90	2.15	4.38
Benchmark return	0.01	0.03	0.05	0.51	1.35	1.59	3.98
Excess return	0.07	0.15	0.37	0.48	0.55	0.56	0.41

### Fund composition



### Maturity breakdown (%)

Grade	Weight
0 - 30 days	51.71
31 - 90 days	23.40
91 - 180 days	24.89
181 - 364 days	0.00

Performance returns are calculated gross of management fees and net of transaction costs. Performance returns for periods greater than one year are annualised. Past performance is not a reliable indicator of future performance.

Data source: First Sentier Investors 2020

Data as at: 31 October 2020

## Fund Review

The duration of the portfolios was held towards the longer end of the permitted range throughout the month. This strategy added value as bank bill yields came under downward pressure. The funds also continued to earn reasonable income on selected investments that yield in excess of bank bill swap rates. Additionally trading margins on the funds' holdings in residential mortgage backed securities continued to tighten, which further supported overall performance.

The past few weeks and months have been an extraordinary period for Short Term Investments markets. Throughout, we have focused on capital preservation and the funds' ability to provide high levels of liquidity for investors. The types of securities the funds invest in have been largely unchanged, and have generated attractive returns versus the benchmark.

While nominal interest rates have been reduced to all-time lows, we continue to believe the investment process employed will continue to deliver attractive, risk-adjusted relative returns. The funds are expected to continue to generate a margin of interest over and above the benchmark and extend their favourable long-term performance track records.

## Market Review

Official interest rates were left unchanged throughout the month, but this did not prevent bank bill swap rates and yields on short-dated securities from falling to new lows. One-, three- and six-month bank bill yields closed October at 0.05%, 0.06% and 0.07%, respectively, each falling between 3 and 6 bps over the month.

These moves reflected market expectations that Reserve Bank of Australia policymakers were preparing to lower official interest rates on Melbourne Cup day in early November. Previously officials had indicated that 0.25% was the 'lower bound' for the Official Cash Rate, but the extent of economic weakness associated with Covid-related disruptions domestically and overseas has forced a change in that view. Yields on short-dated government bonds were also pushed lower. The yield on 3-year notes finished the month at 0.12%, for example; well below the Reserve Bank of Australia's previous 0.25% target.

The cash rate was subsequently lowered to 0.10% on 3 November, in line with market expectations. The Reserve Bank also lowered the target yield on 3-year government bonds to 0.10%, to align with the new cash rate. In a separate move, officials announced the Reserve Bank of Australia will buy \$100 billion of 5- to 10-year government bonds over the next six months as part of Australia's first ever quantitative easing program. In later discussions officials indicated the scale of the asset purchases could be extended, if required.

Earlier in October, the Treasurer had released Australia's latest Federal Budget. This was essentially a 'no-surprises' package of measures designed for Covid-19 challenged times. The budget deficit for 2020/21 was unsurprisingly large, at \$213.7 billion, or 11.0% of GDP, reflecting lower revenues due to lockdowns and higher Covid-related spending. Even more importantly, deficits were forecast all the way out to 2030-31. Australia's gross debt is forecast to rise from \$872 billion in 2020-21, or 44.8% of GDP, to more than \$1 trillion, or 55% of GDP. Unfortunately, the pandemic has blown away Australia's previously favourable budget position, where surpluses had been forecast for the next few years. Ratings agencies were somewhat understanding; S&P left the AAA (negative outlook) rating in place, but suggested it could be reviewed if deficits do not reduce as forecast.

Overseas, there was a focus on the upcoming US election, where Donald Trump continued to trail rival Joe Biden in opinion polls. Virus-related concerns resurfaced too, with rising numbers of new cases in the US and Europe. These drivers affected risk sentiment and bond markets to varying extents.

The US Treasury curve steepened, with yields on longer-dated securities rising quite sharply. Investors appeared to amend positioning ahead of the election and an anticipated win for Democrat candidate Joe Biden. On the other side of the Atlantic, Germany Bund yields came under significant downward pressure as new lockdown restrictions in Europe suggested the anticipated recovery in economies could be delayed.

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