

# ADVANCE INTERNATIONAL FIXED INTEREST MULTI-BLEND FUND

As at 30 November 2020

## FUND OVERVIEW

	Wholesale	Retail
Inception date	28 February 2001	31 July 2004
APIR	ADV0067AU	ADV0088AU
Fund size (AUD millions)	\$1,480.91	
Investment objective	To provide a source of income from international fixed interest exposure with a total investment return (before fees and taxes) that outperforms the benchmark over periods of three years or longer.	
Recommended investment timeframe	3 years	
Minimum initial investment	\$5,000	Closed to new investors
Distribution frequency	Quarterly	
Management costs (%) pa <sup>1</sup>	0.55	1.85
Buy/sell spread (%)	0.10 / 0.20	0.00 / 0.00

## FUND PERFORMANCE<sup>2</sup>

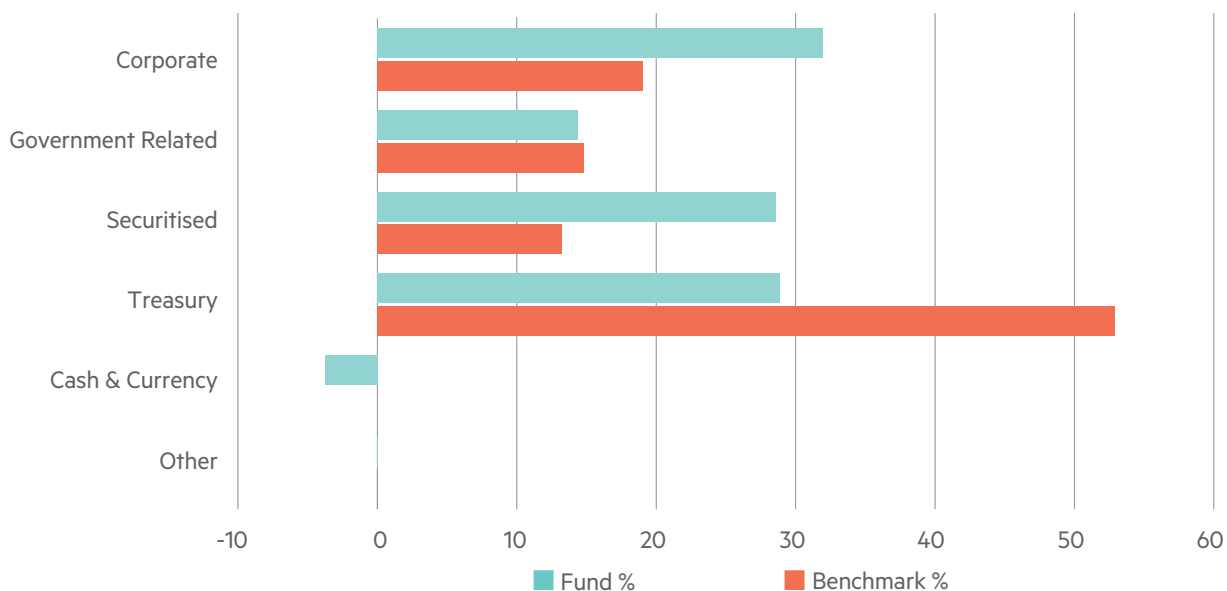
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	1.18	1.65	5.21	4.46	4.04	6.75
Growth return	1.18	1.65	(0.10)	0.71	(0.29)	0.43
Distribution return	0.00	(0.00)	5.31	3.75	4.33	6.32
Benchmark return	0.53	0.90	4.52	4.61	4.48	6.84

Benchmark: Barclays Global Aggregate Bond Index (fully hedged) in Australian dollars

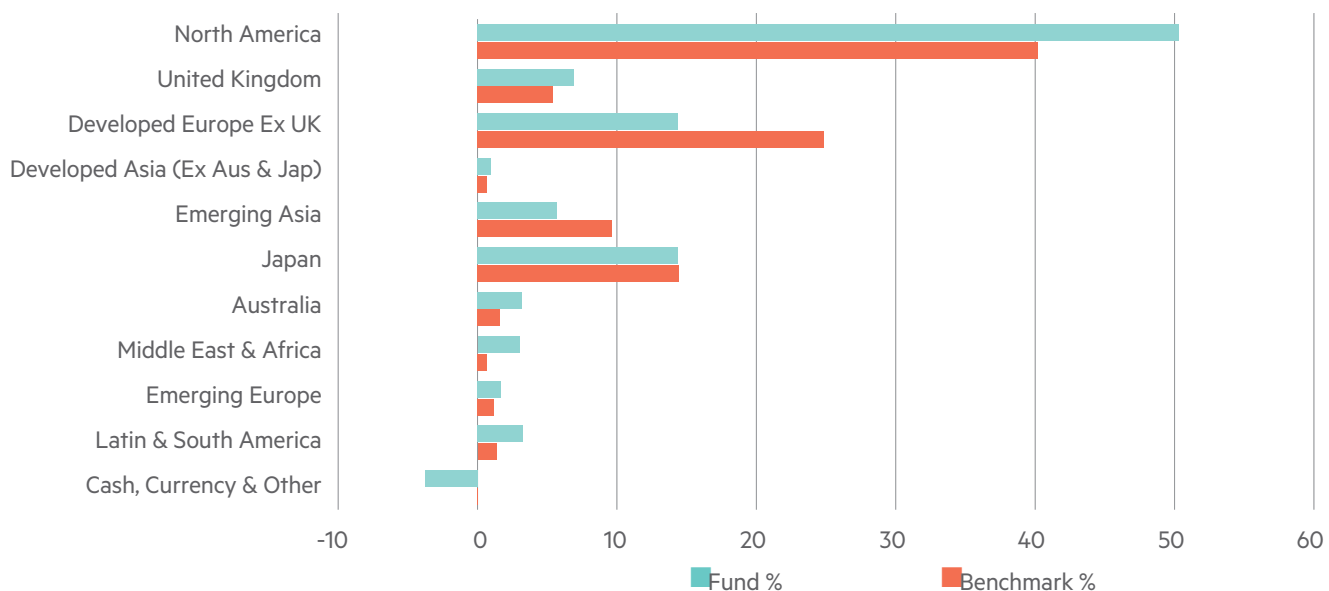
## TOP 5 ISSUERS

	Fund (%)	Benchmark (%)
Federal National Mortgage Association	9.77	0.17
Government of the United States of America	7.56	13.83
Government of Japan	7.40	13.27
Uniform Mortgage Backed Securities	3.34	0.00
Government of Germany	2.40	2.44

### SECTOR ALLOCATIONS<sup>3,4</sup>



### REGIONAL ALLOCATIONS<sup>3,4</sup>



### CREDIT QUALITY<sup>3,4,5</sup>

	Fund (%)	Benchmark (%)
AAA	40.34	34.70
AA	11.00	15.73
A	21.65	29.95
BBB	27.05	19.11
Sub Investment Grade	7.51	0.51
Not Rated	(3.79)	0.00
Cash & Derivatives	(3.76)	0.00

## FUND CHARACTERISTICS<sup>6</sup>

	Portfolio	Benchmark
Effective Duration (Contribution)	6.52	7.35
Years to Maturity (Years)	13.60	11.08
Effective Yield (%)	1.37	0.74

## FUND UPDATE

The Advance International Fixed Interest Multi Blend Fund strongly outperformed the benchmark during the month of November. Manager performance was broadly positive with all the underlying managers outperforming the benchmark.

Standish, WAM and PIMCO all delivered strong relative performance during the month, aided by its overweight to a number of spread sectors, in particular the investment grade corporate market, and peripheral European government bonds.

Wellington was the only manager that detracted relative to the benchmark. The fund has maintained a relatively conservative stance since the breakout of COVID 19 in March. Consequently, with risk assets rallying strongly, the fund has underperformed over this environment.

Developed fixed income markets had a positive month in November. The Federal Reserve (the Fed) reiterated its forward guidance from September, stating that the fed funds rate will be held at 0.-0.25% until the economy is back to maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time, reflecting their move to average inflation targeting. Expectations also remained high for the European Central Bank (ECB) to expand its asset purchase program at its December meeting and as a consequence, spreads between peripheral European government bond yields and those on German bunds narrowed.

US Treasury (UST) bond yields fell and the yield curve flattened on the news that the Republicans remained in control of the Senate, however, as this will likely act as a barrier to Biden's fiscal spending and borrowing plans. In Europe, Italian government bonds (BTP) versus German bund spreads continued to compress. Peripheral European sovereigns continued to be largely supported by European Central Bank's quantitative easing, regardless of COVID-19 developments.

Despite persistently-high case numbers across Europe and the US, markets were buoyed following a series of impressive COVID-19 vaccine breakthroughs. The global risk sentiment improved dramatically during consequently, as significant developments were made on a COVID-19 vaccine and political uncertainty abated following the US presidential election.

Spread sectors benefitted from the strong risk appetite and outperformed across the board. Most fixed income spread sectors tightened, as US presidential elections concluded, and major central banks' policies aimed to mitigate risk. Inflation expectations rose over the month as oil prices rebounded as a result of renewed global demand following the positive vaccine headlines.

The US dollar and Japanese yen weakened on an improvement to the global growth outlook.

Against that backdrop, the Bloomberg Barclays Global Aggregate Bond Index returned flat (0.53%) over the month, bringing the one year performance to 4.52%.

- 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 and relates to the wholesale class of investment only. If you are an investor in the retail class of investment, you can obtain up to date returns at [advance.com.au](http://advance.com.au). Growth and Distribution returns may not equal the Total Net return due to rounding.
- 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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