ADVANCE DEFENSIVE YIELD MULTI-BLEND FUND

As at 30 November 2022

FUND OVERVIEW

	Wholesale
Inception date	5 October 2012
APIR	ADV0173AU
Fund size (AUD millions)	$793.16
Month end redemption unit price	$0.9369
Investment objective	To provide returns of 2% pa after fees above the benchmark over the short to medium term.
Recommended investment timeframe	5 years
Minimum initial investment	$5,000
Distribution frequency	Quarterly
Management costs (%) pa[1]	0.55
Buy/sell spread (%)	0.07 / 0.07

FUND PERFORMANCE[2]

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.97	(0.53)	(4.79)	(0.98)	(0.02)	1.48
Growth return	0.97	(0.53)	(4.92)	(2.62)	(1.79)	(0.64)
Distribution return	-	(0.00)	0.13	1.64	1.77	2.12
Benchmark return~	0.25	0.64	1.01	0.49	0.99	1.70

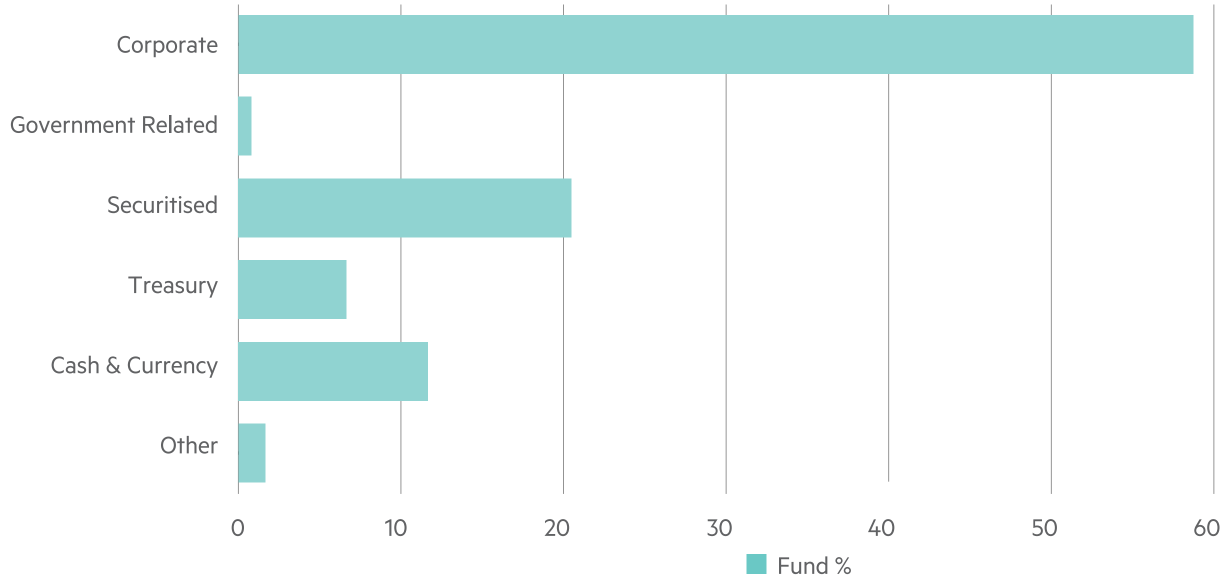
~ Benchmark: Bloomberg AusBond Bank Bill Index[SM]

TOP 5 ISSUERS

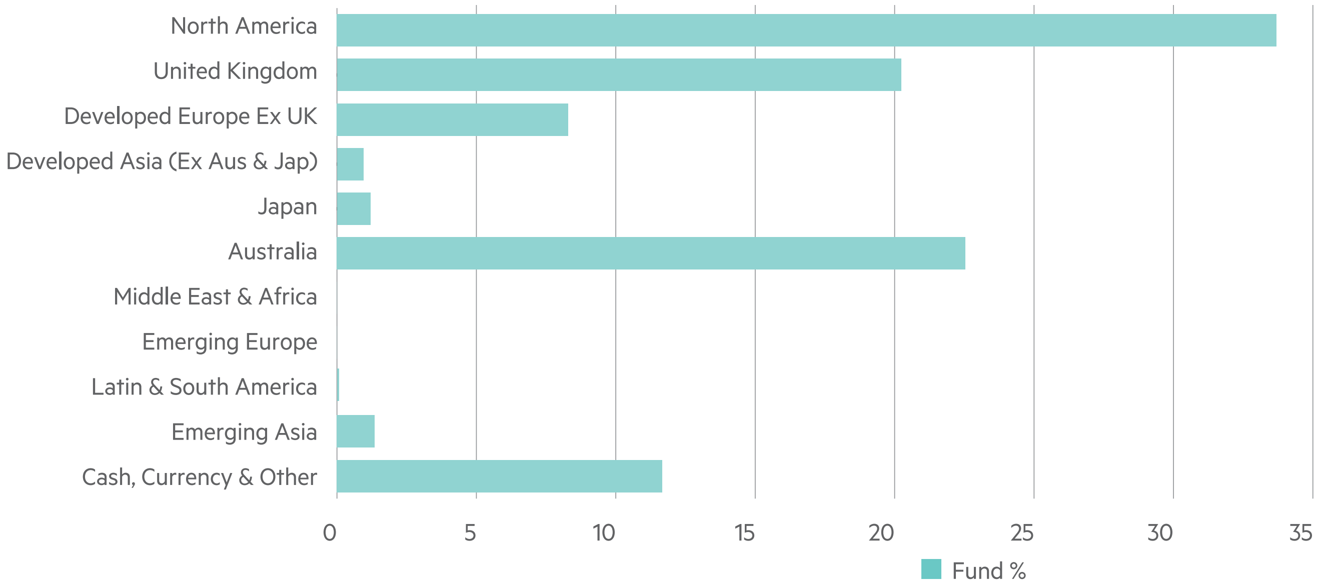
	Fund (%)
Government of the United States of America	5.76
Federal National Mortgage Association	2.70
Australia and New Zealand Banking Group Limited	2.14
Westpac Banking Corporation	1.57
Heartland Australia Group Pty Ltd.	1.43

Please refer to the end of this report for the footnotes

SECTOR ALLOCATIONS[3,4]



REGIONAL ALLOCATIONS[3,4]



CREDIT QUALITY[3,4,5]

	Fund (%)
AAA	12.49
AA	7.07
A	17.23
BBB	46.37
Sub Investment Grade	8.74
Not Rated	(3.57)
Cash & Derivatives	11.67

FUND CHARACTERISTICS[6]

	Portfolio	Benchmark
Effective Duration (Contribution)	1.43	0.13
Years to Maturity (Years)	9.52	0.13
Effective Yield (%)	4.60	2.99

Please refer to the end of this report for the footnotes

FUND UPDATE

The Advance Defensive Yield Multi Blend outperformed the benchmark by 72bps during the month of November.

Relative manager performance was positive over the month, with TCW and TwentyFour both outperforming whilst Kapstream detracted at the margins.

In TCW's case, the improved sentiment in November and the decline in rates led to a positive total return for the mandate. With Treasury yields rallying by as much as 49 bps, the positive duration profile was the largest driver of outperformance, with the allocation to investment grade corporate credit also contributing.

TwentyFour also rebounded strongly as credit spreads contracted leading to a recovery in portfolio values. Kapstream detracted at the margins with is credit protection hedges and swap positions giving back some of the gains accrued in the months prior.

There was a pronounced shift in sentiment in November. While inflation remained at the forefront of policymakers' and investors' minds, weakening inflation indicators, global growth concerns and the prospect of future policy rate cuts led to a more balanced and supportive macroeconomic backdrop for fixed income market. Weaker-than-expected October Consumer Price Index (CPI) inflation data in the US acted as a catalyst for a sharp rally in global fixed-income markets.

Most global sovereign yields declined on signs of easing inflation across major economies. In the UK, the Bank of England (BoE) hiked the Bank Rate by 75 bps to 3.00% and began its scheduled sale of UK gilt holdings, while the Chancellor of the Exchequer, Jeremy Hunt, unveiled the full autumn budget, which saw a fiscal consolidation of £55 billion.

In Europe, the initial estimate for eurozone headline inflation fell back to 10% in November, a greater decline than expected. Consumer confidence in the eurozone improved notably in November, reflecting a similar solid improvement in the ZEW Economic Sentiment Index in a much better outcome than had been anticipated by the market. Eurozone yields dropped following below-consensus CPI data, despite hawkish rhetoric by the European Central Bank policymakers and an anticipated rate hike in December.

In the US, the Federal Reserve (Fed) increased the Federal Funds rate to 3.75%-4%, the highest level since 2008. The raise was the sixth successive rate hike and the fourth consecutive increase of 75bp. As the move had largely been expected by the market, much attention was focused on the accompanying statement which warned that rates would likely need to rise further and that they might peak at a higher level than currently expected. The Federal Open Market Committee (FOMC) meeting minutes indicated a growing consensus around the need to slow the pace of policy rate hikes, a view emphasized by Fed Chair Jerome Powell in a speech at the end of the month.

Headline inflation declined for the fourth successive month, reaching 7.7% in October, while the expectations were at or above 8%. Manufacturing data fell once more. Consumer confidence data also declined given an environment of rising borrowing costs, declining asset values and weakening labour market expectations, in addition to the ongoing influence of inflation. The US 10-year and 2-year yields fell 44 bps and 17 bps to 3.61% and 4.31% respectively.

Global credit bonds outperformed duration-equivalent government bonds as spreads tightened. The decline in yields for the month drove positive total returns across the spectrum, with the Bloomberg US Aggregate Index up 3.7%. Corporate credit led with a return over 5%, outpacing duration-matched Treasuries by over 210 bps. Within the securitized sectors, securitized sectors were led by agency MBS, up 4% and outpacing Treasuries by 135 bps, while CMBS gained 2.6%. ABS was up a more modest 1%, but trailed Treasuries by 8 bps, weighed down by auto receivables.

FUND STRATEGY

The Fund invests in a diversified mix of fixed interest, cash and cash equivalent securities and instruments in both Australian and international markets, with an emphasis on liquidity and capital stability regardless of the overall direction of fixed interest and cash markets. The ability of the Fund's investment strategy to produce investment returns will be dependent on a number of factors including the asset allocation and investment selection skills of the investment managers, market conditions and specific risk factors. The Fund does not have specific diversification guidelines or limits. Although there are no geographical restrictions on where assets may be located, they will typically be located in Australia, Europe and the United States. The base currency of the Fund is Australian dollars however the assets of the Fund may be denominated in a variety of currencies.

There have been no material changes in the Fund's strategy this month.

FUND RISK PROFILE

3 Low – Medium. Low to medium risk of short-term loss. Likely to produce low to medium returns over the minimum suggested timeframe.

There have been no material changes in the Fund's risk profile this month.

KEY SERVICE PROVIDERS

The responsible entity of the Fund is Advance Asset Management Limited.

JP Morgan Chase Bank N.A. is the custodian and administrator of the Fund.

PwC is the external auditor of the financial statements of the Fund. In addition, an individual partner of PwC acts as the auditor of the Fund's Compliance Plan.

The underlying investment managers for the Fund are:

> Kapstream Capital Pty Ltd

> TwentyFour Asset Management (TwentyFour)

> Trust Company of the West (TWC)

There have been no material changes in the Fund's key service providers this month.

Please refer to the end of this report for the footnotes

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.

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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