

ADVANCE CASH MULTI-BLEND FUND

As at 30 September 2017

FUND PERFORMANCE*	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)
Growth return	0.01	0.04	0.05	0.09	0.08	0.02
Distribution return	0.16	0.48	1.05	2.13	2.29	2.46
Total return	0.17	0.52	1.09	2.22	2.37	2.48
Benchmark return¹	0.14	0.43	0.87	1.76	1.97	2.14

Fund commenced June 2002.
¹ Benchmark: Bloomberg AusBond Bank Bill IndexSM.

FUND UPDATE

The Advance Cash Multi-Blend Fund outperformed its benchmark during the September quarter. The Fund is conservatively positioned with weighted average life remaining low at 0.67 years. As at 30 September 2017, the current yield of the Fund stands at 2.27% versus the benchmark at 1.63%.

At a manager level, both BTIM and IMS outperformed their respective benchmarks. Incremental value was added from credit margin contraction, duration and carry. Portfolio positioning and investment themes remain consistent with prior months. Both the underlying managers continue to remain conservatively positioned in very high quality liquid short term securities. This should allow the Fund to deliver consistent returns over the medium to longer term.

SUB SECTOR ALLOCATIONS~

Sector	Fund (%)
Bank Term Deposits	10.99
Bank Bills	10.83
Negotiable Certificates of Deposit	25.57
Promissory Notes	15.26
Floating Rate Notes	28.95
Other	10.71
Cash	(2.30)
Total	100.00

CREDIT

Credit Quality	Fund (%)
AAA	13.85
AA	18.69
A	5.54
BBB	1.57
BB	0.00
B	0.00
CCC and Lower	0.00
Not Rated / Derivatives	10.83
A-1+	17.94
A-1	16.55
A-2	17.34
A-3	0.00
Cash & Currency	(2.30)
Total	100.00

MARKET COMMENTARY

Australian yields rose sharply in early July, amid market speculation related to discussion at the Reserve Bank of Australia board meeting regarding a 'neutral' setting for the cash rate. The rising trend in yields was reinforced over the course of August and September by the generally favourable tone of domestic economic data releases. The Australian Commonwealth 10-year bond yield ended the quarter at 2.84%, while its 2-year counterpart ended at 1.95%.

Credit markets remained resilient over the quarter, supportive factors included strength in oil prices, reassuring comments from central banks, US and European economic data printing to the upside and better-than-expected reporting sessions out of the US and Europe. However, geopolitical concerns around North Korea weighed on sentiment. Credit spreads broadly tightened over the quarter. Primary market activity remained buoyant with consistently oversubscribed bond deals demonstrating the demand for fixed income securities that are offering additional yield over government bonds. There were a diverse range of primary market issuers active over the quarter with a highlight being an inaugural \$2.25bn Australian dollar raising by US telecommunications company, Verizon.

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.

BENEFITS OF INVESTING IN THE FUND

The Advance Cash Multi-Blend Fund is ideal for investors seeking manager and cash strategy diversification through a combination of two cash investment managers.

* The Fund performance is net of management costs.

~ Allocations may not equal 100% due to rounding.

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ADVANCE
ASSET MANAGEMENT

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