

ADVANCE CASH MULTI-BLEND FUND

As at 30 September 2018

FUND PERFORMANCE*	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)
Growth return	0.05	0.07	0.02	(0.02)	0.03	0.05
Distribution return	0.13	0.49	1.05	2.07	2.10	2.22
Total return	0.18	0.56	1.07	2.05	2.14	2.26
Benchmark return¹	0.16	0.52	1.01	1.87	1.82	1.94

Fund commenced June 2002. Performance commenced 1 February 2010.

¹ Benchmark: Bloomberg AusBond Bank Bill IndexSM.

FUND UPDATE	
	The Fund outperformed the benchmark during the September quarter net of fees.
	Portfolio performance was positive with IMS and Pental both adding to the portfolio's excess returns.
	Portfolio positioning and investment themes remain consistent with prior quarters. The fund continues to remain conservatively positioned in more highly liquid short term securities. Residential mortgage-backed securities (RMBS) and asset back securities (ABS) exposure in Pental's mandate was reduced to zero in August, replaced with highly liquid negotiable certificates of deposit (NCD) exposure.

SUB SECTOR ALLOCATIONS~	Sector	Fund (%)
	Bank Term Deposits	5.39
	Bank Bills	0.00
	Negotiable Certificates of Deposit	30.19
	Promissory Notes	29.64
	Floating Rate Notes	23.14
	Other	1.43
	Cash	10.20
	Total	100.00

CREDIT

Credit Quality	Fund (%)
AAA	1.89
AA	20.83
A	1.86
BBB	0.00
BB	0.00
B	0.00
CCC and Lower	0.00
Not Rated / Derivatives	0.00
A-1+	23.05
A-1	22.95
A-2	19.22
A-3	0.00
Cash & Currency	10.20
Total	100.00

MARKET COMMENTARY

There was little action regarding domestic monetary policy with the Reserve Bank of Australia (RBA) leaving rates unchanged over the quarter. The RBA's monthly statements were largely unchanged, but did offer more upbeat comments on local and global economic conditions. Late in the quarter, the September meeting minutes revealed a more constructive view on the Australian labour market. Overall, the Board's communication over the period suggested rates would remain on hold over the near-term. In turn, rate expectations were little changed with only a 40% probability of a hike for the cash rate priced in late next year.

Supporting this, Gross Domestic Product (GDP) growth surprised to the upside with a solid 0.9% for the second quarter, which brought the year-on-year rate to 3.4%. Labour market data was also reasonably healthy with 50.9K jobs added in July and 44K added in September. Meanwhile second quarter inflation was weaker-than-anticipated with the RBA's preferred gauge, the trimmed mean, growing only 0.5% for the quarter and 1.9% year-on-year. Other noteworthy domestic developments included three of the four major banks delivering out-of-cycle mortgage rate hikes that they attributed to higher funding costs.

Against this backdrop, Australian government bond yields rose as the better domestic economic readings led markets to bring forward tightening expectations. At the shorter end of the yield curve, the yield on a three-year Australian government bond rose to as high as 2.14% before ending the month 7bps higher at 2.05%.

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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