

ADVANCE CASH MULTI-BLEND FUND

As at 31 March 2017

FUND PERFORMANCE*

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)
Growth return	(0.01)	0.07	0.04	0.17	0.01	(0.17)
Distribution return	0.21	0.52	1.08	2.28	2.42	2.79
Total return	0.20	0.59	1.11	2.44	2.43	2.63
Benchmark return¹	0.15	0.44	0.88	1.94	2.09	2.30

* The Fund performance is net of investment fees and relates to wholesale investors only. If you are a retail investor, you can obtain up to date returns at advance.com.au.

Fund commenced June 2002. Performance commenced 1 February 2010.

¹ Benchmark: Bloomberg AusBond Bank Bill IndexSM

FUND UPDATE

The Advance Cash Multi-Blend returned 0.59% for the quarter, outperforming its benchmark return of 0.44%. Over the year, the Fund has returned 2.44%, outperforming the benchmark return of 1.94%.

At a manager level, BTIM had a strong March quarter. As was the case the previous quarter, outperformance was driven by higher running yield of the portfolio and in particular short-term securitised assets performing well over the quarter. The portfolio continues to remain conservatively positioned in highly liquid short term securities. Highly liquid short-term securities are offering similar returns to longer dated floating rate notes without taking on the extra credit spread term risk. The fund is well positioned to continue to outperform its benchmark. IMS also outperformed the benchmark over the quarter. The portfolio's higher yielding assets have consistently added incremental value over the past quarter and year relative to the cash benchmark. The portfolio remains conservatively positioned with range of high quality securities.

SUB SECTOR ALLOCATIONS

Sector	Fund (%)
Bank Term Deposits	9.15
Bank Bills	-
Negotiable Certificates of Deposit	29.93
Promissory Notes	12.70
Floating Rate Notes	26.47
Other	12.52
Cash	9.23
Total	100.00

CREDIT	Credit Quality	Fund (%)
	AAA	17.11
	AA	13.47
	A	7.46
	BBB	0.96
	BB	-
	B	-
	CCC and Lower	-
	Not Rated / Derivatives	-
	A-1+	19.87
	A-1	12.81
	A-2	19.09
	A-3	-
	Cash & Currency	9.23
	Total	100.00

MARKET COMMENTARY

In Australia, The Reserve Bank of Australia (RBA) left interest rates unchanged during the March quarter as widely expected. Domestic developments took a backseat to global political news flow during the quarter. Although domestic yields ended the month marginally lower, there was considerable movement over the month as market expectations for the path of US monetary policy shifted pre and post the Federal Open Market Committee (FOMC) meeting. Ongoing global economic momentum tended to support risk appetite with credit markets generally doing well. Domestically, Governor Lowe's commentary on property market risks intensified. Additionally, recent strength in exports and an improvement in the non-mining portion of the economy were noted by the RBA. At the same time, the subdued inflation outlook and soft labour market remained key considerations. This in turn shaped expectations for no rate hike in 2017. 2016 Q4 gross domestic product surprised to the upside with a 1.1% expansion over the quarter. This helped taper recession fears generated by previous quarter's 0.5% decline. Conversely, the Consumer Price Index over the same period disappointed with a sluggish 1.5% year-on-year increase. Employment figures were also soft, which saw the unemployment rate tick 0.1% higher to 5.9%. Other economic indicators were more mixed with a record trade surplus at one end and a pullback in business conditions at the other.

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.

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ADVANCE
ASSET MANAGEMENT

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