

ADVANCE CASH MULTI-BLEND FUND

As at 30 June 2017

FUND PERFORMANCE*

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)
Growth return	0.00	0.01	0.08	0.14	0.05	0.03
Distribution return	0.19	0.56	1.09	2.20	2.35	2.53
Total return	0.19	0.57	1.16	2.33	2.40	2.56
Benchmark return¹	0.14	0.44	0.89	1.82	2.03	2.22

* 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 Cash Multi-Blend returned 0.57% for the quarter to June, outperforming its benchmark return of 0.44%. Over the year, the Fund has returned 2.52%, outperforming the benchmark return of 1.82% gross of fees. The Fund is conservatively positioned with weighted average life remaining low at well under one year. The current running yield of the Fund stood at 2.78% as at 30 June 2017.

At a manager level, both BTIM and IMS outperformed their respective benchmarks. Outperformance was driven by higher running yield of both portfolios and for BTIM in particular short-term securitised assets are continuing to perform well. Both portfolios have retained a conservative stance as the prolonged credit rally has tightened credit valuations. As such both managers have positioned their respective portfolios in highly liquid short term securities given liquid short-term securities are offering similar returns to longer dated floating rate notes with reduced levels of credit risk. The fund is well positioned to continue to outperform its benchmark.

SUB SECTOR ALLOCATIONS

Sector	Fund (%)
Bank Term Deposits	10.64
Bank Bills	0.00
Negotiable Certificates of Deposit	24.80
Promissory Notes	14.39
Floating Rate Notes	26.35
Other	12.64
Cash	11.18
Total	100.00

CREDIT

Credit Quality	Fund (%)
AAA	16.63
AA	13.11
A	7.48
BBB	1.77
BB	0.00
B	0.00
CCC and Lower	0.00
Not Rated / Derivatives	0.00
A-1+	13.89
A-1	18.36
A-2	17.58
A-3	0.00
Cash & Currency	11.18
Total	100.00

MARKET COMMENTARY

The Reserve Bank of Australia (RBA) left interest rates unchanged during the June quarter and retained a neutral bias at their meeting in early July. The market had been looking for more hawkish signals from the RBA following the recent strength in the domestic labour market data and the increased probability of monetary policy tightening from overseas central banks that had looked previously as though they would be on hold for an extended period. At the longer end of the curve, Australian 10 year government bond yields moved in sympathy, with US treasuries falling to as low as 2.35% in late June as softer US inflation readings led markets to wind back US tightening expectations. However, yields rose sharply following comments from Mario Draghi, the President of European Central Bank (ECB), expressing confidence in the European growth outlook and the need for a gradual and prudent monetary policy response. The Australian 10 year government bond yield ended the quarter 10bps lower at 2.60%. Against this backdrop, the Australian bond market, as measured by the Bloomberg AusBond Composite 0+ Yr Index, gained 1.01% over the June quarter.

Credit markets remained resilient over the quarter, absorbing S&P's and Moody's downgrading of financial institutions and the unexpected announcement of a national bank levy in the May Budget and then the subsequent South Australian Government's announcement of a state-based bank levy. The Australian iTraxx Index finished the quarter largely unchanged at 84.5bps

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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