

# ADVANCE CASH MULTI-BLEND FUND

As at 31 December 2018

FUND PERFORMANCE*	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)
<b>Growth return</b>	-	(0.02)	0.05	(0.02)	0.04	0.03
<b>Distribution return</b>	0.16	0.52	1.02	2.08	2.09	2.20
<b>Total return</b>	0.16	0.50	1.07	2.06	2.13	2.23
<b>Benchmark return<sup>1</sup></b>	0.15	0.48	0.99	1.92	1.84	1.91

Fund commenced June 2002. Performance commenced 1 February 2010.

<sup>1</sup> Benchmark: Bloomberg AusBond Bank Bill Index<sup>SM</sup>.

## FUND UPDATE

Advance Cash Multi-Blend Fund marginally outperformed the benchmark during the December quarter with both IMS and Pental contributing positively to performance.

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. This was replaced with highly liquid negotiable certificates of deposit (NCDs).

## SUB SECTOR ALLOCATIONS~

Sector	Fund (%)
Bank Term Deposits	0.00
Bank Bills	0.00
Negotiable Certificates of Deposit	33.52
Promissory Notes	31.36
Floating Rate Notes	26.14
Other	1.16
Cash	7.83
<b>Total</b>	<b>100.00</b>

## CREDIT

Credit Quality	Fund (%)
AAA	1.62
AA	22.31
A	1.90
BBB	0.00
BB	0.00
B	0.00
CCC and Lower	0.00
Not Rated / Derivatives	0.00
A-1+	18.15
A-1	22.41
A-2	25.79
A-3	0.00
Cash & Currency	7.83
<b>Total</b>	<b>100.00</b>

## MARKET COMMENTARY

Domestic monetary policy was fairly uneventful with the Reserve Bank of Australia (RBA) leaving the cash rate unchanged at 1.50% through the quarter. Communication over the quarter continued to suggest that the Board's bias was towards an eventual hike rather than a cut. Nonetheless, market pricing shifted during the quarter and projected a cut was more likely over the coming year. The cash market was also guided by offshore developments as a widening in the US LIBOR-OIS spread fuelled a similar increase in its domestic BBSW-OIS counterpart.

In terms of domestic data, the RBA's preferred measure of the Consumer Price Index, the trimmed mean, rose 0.4% quarter-on-quarter which brought the annual rate to 1.8% - still well below the Board's 2-3% target band. Wage inflation was stronger at 0.6% for the quarter and 2.3% for the year, however this reflected temporary effects like a one-off increase in the minimum wage. Meanwhile, a disappointing third quarter gross domestic product figure revealed 0.3% growth over the quarter and an annual rate of 2.8%. Employment figures were more mixed with reasonable job additions, however the unemployment rate ticked higher to 5.1% (due to a rise in participation). Leading indicators were also mixed with a fall in business conditions and confidence, but a small rise in retail sales and consumer confidence into the end of the quarter.

Against this backdrop, Australian government bond yields fell although this was largely guided by trends across the global bond markets. The yield on a three year Australian government bond fell by 24bps to 1.84%. In contrast, the 90 day Bank Bill Swap Rate (BBSW) rose 15bps to 2.09%.

## 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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