

ADVANCE CASH MULTI-BLEND FUND

As at 31 March 2019

FUND PERFORMANCE*	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)
Growth return	0.20	0.60	1.10	2.19	2.13	2.23
Distribution return	0.03	0.05	0.03	0.05	0.03	0.08
Total return	0.17	0.55	1.07	2.14	2.10	2.16
Benchmark return¹	0.17	0.52	1.00	2.02	1.88	1.90

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 March quarter, with IMS and Pental both adding to the portfolio's 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. Less liquid commercial paper and asset backed securities have been replaced with highly liquid negotiable certificates of deposit (NCDs). It is also worth noting that the IMS mandate was replaced with a new mandate managed by BlackRock in March 2019.

SUB SECTOR ALLOCATIONS~

Sector	Fund (%)
Bank Term Deposits	0.00
Bank Bills	0.00
Negotiable Certificates of Deposit	33.20
Promissory Notes	20.48
Floating Rate Notes	25.83
Other	4.03
Cash	16.46
Total	100.00

CREDIT

Credit Quality	Fund (%)
AAA	1.74
AA	23.27
A	1.90
BBB	1.48
BB	0.00
B	0.00
CCC and Lower	0.00
Not Rated / Derivatives	0.00
A-1+	13.02
A-1	21.03
A-2	21.10
A-3	0.00
Cash & Currency	16.46
Total	100.00

MARKET COMMENTARY

The Reserve Bank of Australia (RBA) left rates unchanged at 1.50% through the quarter as widely-expected. However, Governor Lowe noted over the period that the outlook for rates had become “more evenly balanced”. Additionally, communication by the Board highlighted the weakness in household consumption, which was partly attributed to softer house prices. In turn, expectations for a rate cut increased with two reductions now priced by year-end. This contributed to a decline in overnight interest swaps (OIS) rates, while separately repo rates fell and translated to lower funding costs for the banks.

Data-wise, fourth quarter gross domestic product (GDP) figures revealed a weak 0.2% pace of growth over the quarter, which brought the year-on-year rate to 2.3%. On a per-capita basis, GDP fell -0.2% indicating population growth had outstripped the increase in output for the second consecutive quarter. Labour data reported healthy (albeit lumpy) jobs growth and a fall in the participation rate, which helped the unemployment rate fall to 4.9%. Meanwhile, leading indicators were weaker with business and consumer confidence both falling.

Australian bond yields experienced a significant fall that was shared by global peers over the quarter. The decline appeared tied to more dovish messaging from central banks, as well as emerging concerns over the outlook for the US economy. These developments overshadowed wavering trade war and Brexit-related headlines. The yield on a three year Australian government bond fell by 44bps to 1.40%. The 3 month Bank Bill Swap Rate (BBSW) saw a similar decline of 32bps to 1.77% and the OIS-BBSW spread narrowed further.

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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