

First Sentier Premium Cash Fund Formerly the Colonial First State Wholesale Premium Cash Fund

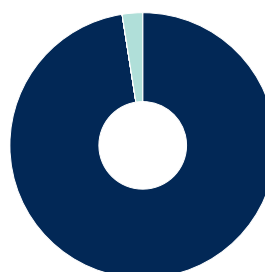
Product details

APIR code	COM0024AU
Inception date	31 July 1993
Fund size (A\$ million)	112
Benchmark	RBA Cash Rate
Fund manager	Tony Togher
Buy/sell spread	Nil
Minimum investment (A\$)	500,000
Rating	AAAm (Standard & Poor's)
Fund duration	0.09

Performance summary (% before fees and expenses)

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	Incep.
Fund return	0.00	0.01	0.04	0.29	1.20	1.50	4.60
Benchmark return	0.01	0.02	0.08	0.22	0.92	1.18	4.22
Excess return	-0.01	-0.02	-0.03	0.07	0.28	0.32	0.38

Fund composition



- Commonwealth T-Notes 97.5%
- NCDs 0.0%
- Bank and financial FRNs 0.0%
- Interfunding WCSH 0.0%
- SGCP 0.0%
- Convertible Term Deposits 0.0%
- RMBS and asset backed FRNs 0.0%
- Deposit Accounts 0.0%
- Cash 2.5%

Maturity breakdown (%)

Grade	Weight
0 - 30 days	76.74
31 - 90 days	23.26
91 - 180 days	0.00
181 - 364 days	0.00

First Sentier Institutional Cash Fund Formerly the Colonial First State Wholesale Institutional Cash Fund

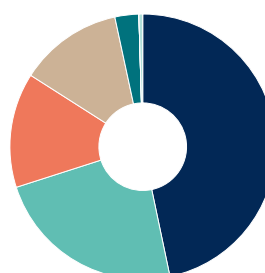
Product details

APIR code	FSF1809AU
Inception date	15 June 2016
Fund size (A\$ million)	1,787
Benchmark	RBA Cash Rate
Fund manager	Tony Togher
Buy/sell spread	Nil
Minimum investment (A\$)	500,000
Fund duration	0.13

Performance summary (% before fees and expenses)[^]

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	Incep.
Fund return	0.00	0.03	0.09	0.36	1.33	1.63	4.63
Benchmark return	0.01	0.02	0.08	0.22	0.92	1.18	4.22
Excess return	0.00	0.00	0.02	0.14	0.41	0.45	0.40

Fund composition



- NCDs 46.7%
- Convertible Term Deposits 23.3%
- SGCP 14.0%
- Commonwealth T-Notes 12.6%
- Deposit Accounts 2.9%
- Bank and financial FRNs 0.0%
- RMBS and asset backed FRNs 0.0%
- Interfunding WCSH 0.0%
- Cash 0.5%

Maturity breakdown (%)

Grade	Weight
0 - 30 days	30.61
31 - 90 days	47.84
91 - 180 days	21.55
181 - 364 days	0.00

[^]The WICF was launched on 15 June 2016 and accordingly, the actual returns of the fund is from its inception date. For longer period returns, the above performance summary is based on the performance of the First Sentier Premium Cash Fund (WPCF) up to 14 June 2016. Up until the 14 June 2016, the strategy of WPCF is the same as the strategy for WICF. The inception date of the WPCF is 31 July 1993.

First Sentier Wholesale Strategic Cash Fund Formerly the Colonial First State Wholesale Strategic Cash

Product details

APIR code	FSF0075AU
Inception date	31 May 1998
Fund size (A\$ million)	5,308
Benchmark	Bloomberg AusBond Bank Bill Index
Fund manager	Tony Togher
Buy/sell spread	Nil
Minimum investment (A\$)	500,000
Fund duration	0.16

Performance summary (% before fees and expenses)

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	Incep.
Fund return	0.06	0.14	0.33	0.71	1.65	1.98	4.40
Benchmark return	0.00	0.00	0.03	0.21	1.16	1.44	4.09
Excess return	0.06	0.13	0.30	0.50	0.49	0.54	0.31

First Sentier Premium Cash Enhanced Fund Formerly the Colonial First State Wholesale Premium Cash Enhanced Fund

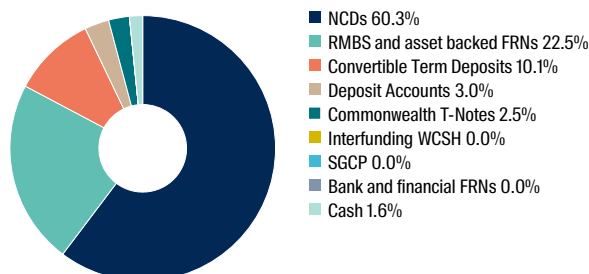
Product details

APIR code	COM0029AU
Inception date	31 December 2000
Fund size (A\$ million)	904
Benchmark	Bloomberg AusBond Bank Bill Index
Fund manager	Tony Togher
Buy/sell spread	Nil
Minimum investment (A\$)	500,000
Rating	AAf (Standard & Poor's)
Fund duration	0.14

Performance summary (% before fees and expenses)

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	Incep.
Fund return	0.06	0.15	0.35	0.70	1.71	2.04	4.32
Benchmark return	0.00	0.00	0.03	0.21	1.16	1.44	3.91
Excess return	0.06	0.15	0.32	0.49	0.55	0.60	0.41

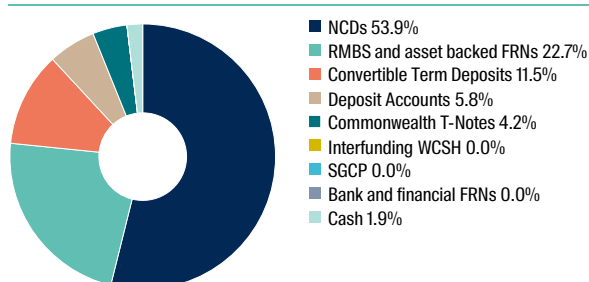
Fund composition



Maturity breakdown (%)

Grade	Weight
0 - 30 days	38.93
31 - 90 days	48.11
91 - 180 days	12.11
181 - 364 days	0.85

Fund composition



Maturity breakdown (%)

Grade	Weight
0 - 30 days	49.94
31 - 90 days	41.21
91 - 180 days	6.09
181 - 364 days	2.76

Performance returns are calculated gross of management fees and net of transaction costs. Performance returns for periods greater than one year are annualised. Past performance is not a reliable indicator of future performance.

Data source: First Sentier Investors 2021

Data as at: 28 February 2021

Fund Review

The funds maintain exposure to various high quality securities, which typically offer yields above bank bill swap rates and the RBA Cash Rate. Prospective returns from these securities have come down following the sharp compression in yields over the past year, but they continue to generate steady income for the portfolios. The majority of instruments held are in the true cash or money market universe, rather than in the higher-yielding credit universe.

Despite the low risk profile of the portfolios, it is possible they could experience periods of negative returns in the months ahead if bank bill yields continue to rise. Active management can help provide some cushioning, and might help preserve capital, but ultimately a gradual normalisation of risk-free rates and bank bill yields will be a headwind for funds of this type.

Market Review

Bank bill yields remained very low, but were pushed modestly higher over the month. Yields on one-month notes were unchanged at 0.01%, but yields on three- and six-month securities rose by 2 bps and 5 bps respectively, closing February at 0.03% and 0.06%. The upward pressure was due to evolving expectations for inflation and interest rates.

Reserve Bank of Australia officials have reiterated their intention to keep official interest rates unchanged at 0.10% until 2024 at the earliest. Nonetheless, investors have started to price in the possibility of borrowing costs being raised in late 2022 or early 2023. This reflects anticipation that the rebound in the local economy following the Covid vaccination program will result in higher inflation.

On the data front, more than 29,000 jobs were created in Australia in January, which saw the official unemployment rate fall to 6.4%. The jobless rate has come down from 7.5% in mid-2020. Consumer confidence has risen and is now close to its highest levels in a decade, buoyed by the relaxation of social distancing restrictions. These encouraging indicators are being reflected in consumption. Retail sales have moderated a little from the very high levels seen in the September quarter of 2020, but remain above long-term averages. Auction clearance rates have also risen; another sign of higher confidence levels. This is translating to strong price growth; median home prices in Australia grew 2.0% in February, the strongest monthly increase since 2003. An uptick in inflation seems plausible against this background, but the magnitude of any increase will not be known for some time. The next release of CPI is not anticipated until late-April, and the series is only updated on a quarterly basis thereafter. For now, CPI remains well below the Reserve Bank of Australia's 2% to 3% target range.

Similar themes dominated sentiment overseas. Sovereign bond yields were pushed higher by suggestions that quickening economic growth could result in stronger inflationary pressure, in turn prompting officials to review current accommodative policy settings.

The rollout of Covid-19 vaccines is progressing rapidly in key regions. More than 20% of the US population has had a first dose, for example. This is boosting hopes that restrictions will increasingly be lifted in the months ahead, paving the way for a strong rebound in global growth.

Separately, the House of Representatives passed President Biden's proposed new US\$1.9 trillion aid package for the US economy. This would be the third major spending program in the past year. While the new stimulus package still requires approval by the Senate, some suggested it is unnecessarily large and will be inflationary. Either way, growth forecasts for the world's largest economy were upgraded by leading brokers as details of the package were released.

www.firstsentierinvestors.com.au

For further information

Business Development Management — Melbourne

Peter Heine +61 3 8669 5641

Business Development Management — Sydney

Jeannene O'Day +61 2 9010 5312

Edward Tighe +61 2 9010 5274

Head of Consultant Research

Ross Crocker +61 2 9010 5424

Institutional Relationship Management

Helen Squadrito +61 2 9010 5295

Rose Beedles +61 2 9010 5423

Jonathan Vo +61 2 9010 5288

John Park +61 2 9010 5484

This report has been prepared by and is issued by First Sentier Investors (Australia) IM Ltd (ABN 89 114 194 311, AFSL 289017) (**FSI AIM**) which forms part of First Sentier Investors, a global asset management business. First Sentier Investors is ultimately owned by Mitsubishi UFJ Financial Group, Inc (**MUFG**).

It is directed at persons who are professional, sophisticated or wholesale clients and has not been prepared for and is not intended for persons who are retail clients and must not be reproduced or transmitted in any form without the prior written consent of FSI AIM. A copy of the Financial Services Guide for FSI AIM is available from First Sentier Investors on its website.

This material contains general information only. It is not intended to provide you with financial product advice and does not take into account your objectives, financial situation or needs. Before making an investment decision, you should consider whether this information is appropriate in light of your investment needs, objectives and financial situation. Past performance figures are gross and do not take into account any ongoing fees. Past performance is no indication of future performance.

The product disclosure statement (**PDS**) and Information Memorandum (**IM**) for the First Sentier Wholesale Strategic Cash Fund, ARSN 087 558 674, First Sentier Institutional Cash Fund, ARSN 612 392 944, First Sentier Premium Cash Enhanced Fund, ARSN 095 107 618, First Sentier Premium Cash Fund, ARSN 089 468 360 (**Funds**) issued by Colonial First State Investments Limited (ABN 98 002 348 352, AFSL 232468) (**CFSIL**) should be considered before making an investment decision. The PDS or IM are available from First Sentier Investors on its website.

CFSIL is a subsidiary of the Commonwealth Bank of Australia (**Bank**). The Bank, MUFG and subsidiaries thereof do not guarantee the performance of the Fund or the repayment of capital by the Fund. Investments in the Fund are not deposits or other liabilities of MUFG, the Bank or their respective subsidiaries, and investment-type products are subject to investment risk including loss of income and capital invested. First Sentier Investors was acquired by MUFG on 2 August 2019 and is now financially and legally independent from the Bank.

To the extent permitted by law, no liability is accepted by the Bank, MUFG or any affiliates thereof for any loss or damage as a result of any reliance on this information. This information is, or is based upon, information that we believe to be accurate and reliable, however neither the Bank, MUFG nor any affiliates thereof offer any warranty that it contains no factual errors. Any opinions expressed in this material are the opinions of FSI AIM at the time of publication only. Such opinions are subject to change without notice.

Copyright © First Sentier Investors (Australia) Services Pty Limited 2021

All rights reserved.