

Centuria LifeGoals

Pendal Enhanced Cash Fund

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Bloomberg AusBond Bank Bill Index.

Investment Manager

Pendal Group Ltd

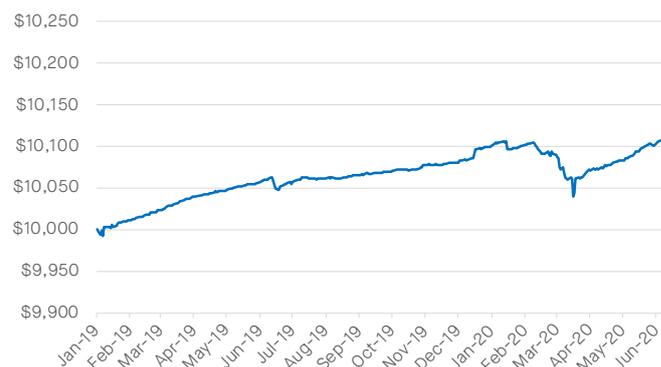
Investment Strategy

The Fund invests in a combination of short-term money market instruments and medium-term floating and fixed rate securities. These may include direct or indirect holdings of government, bank, corporate, asset backed and other securities. The Fund aims to maintain capital stability through limited exposure to interest rate movements and prudent credit management. The Fund invests in short-term and medium-term securities that are investment grade rated. The Fund may also use derivatives.

Target Allocation

Cash and Fixed Interest 0-100%

Performance Graph



A \$10,000 investment in Centuria Pendal Enhanced Cash Fund made at inception is worth \$10,202 as of 30 June 2020 after all fees and taxes paid within the Investment Option.

Performance Returns

Returns to 30/06/2020	1mth	3mth	6mth	1yr	2yr
Net Return (%)	1.07	1.40	1.16	1.38	N/A

Past performance is not a reliable indicator of future performance.

Key Features

APIR Code	OVS5415AU
Minimum Initial Investment	\$500
Minimum Additional Investment Plan	\$100
Minimum Switching Amount	\$500
Minimum Balance	\$500
Contribution Fee	Nil
Annual Management Fee*	0.68%
Suggested Timeframe	Minimum 1 years

* Refer to PDS for fee breakdown

Fund Rating



The information contained in the Australia Ratings Analytics report and encapsulated in the investment rating is of a general nature only. The report and rating reflect the opinion of Australia Ratings Analytics Pty Limited (AFSL 494552). It does not take into account an individual's objectives, financial situation or needs. Professional advice should be sought before making an investment decision. A fee has been paid by the fund manager for the production of the report and investment rating.

For more information contact Centuria on **1300 50 50 50** or visit lifegoals.centuria.com.au to download the PDS. **Simple Flexible Versatile.**

Fund Commentary

Fund Performance and Activity

The Fund returned 1.07% for the month of June. Financials, industrials and mortgaged backed securities drove the performance.

Activity during the month included increasing exposure to industrials funded out of cash.

As at the end of the month, the Fund had a credit spread of 74bps over bank bills, interest rate duration of 0.19 years and credit spread duration of 1.96 years.

Outlook

Our outlook remains unchanged. The RBA has now reached the lower bound of monetary policy, or Effective Lower Bound (ELB). They believe negative rates do more harm than good so any further action by the RBA must come through the QE side. Markets have priced in an optimistic outlook for the speed and size of the recovery later this year from COVID-19. Whilst we cannot predict medical outcomes we view the damage done as partly structural, not just all cyclical. The recovery will be quick initially, given the scale of the falls in employment and GDP; however medium term the economy will take years to return to pre crisis levels. With short rates anchored well into the future, possibly for the first half of this decade, investors will continue to chase further along the curve and further out the risk spectrum. Inflation may rise later this year but will also remain well below RBA targets for some time.

Bond yields will continue to be well supported as anchored short rates, massive central bank buying and economies in hibernation see bonds in demand. There will be massive supply but central banks will be soaking it all up. Modern Monetary

Theory may not be technically here but many of its principles are now policy.

We continue to have a constructive stance on credit markets given the 'whatever it takes' mantra by global Central Banks and governments, a more educated/experienced global community to better manage any potential second wave of Covid-19, and finally from a fundamental perspective, companies across the globe improving their credit quality by raising equity to support their balance sheets.

There are also some technical dynamics that will continue to support credit markets in Australia. These include the excess liquidity in the banking system and wider credit spreads against a 0.25% cash rate is attracting buyers.

In relation to the Corona virus, the world has a greater understanding of how to better manage virus outbreaks by more physical distancing, wearing of face masks and better medical treatments. This can be seen by the reduction of death rates globally. This has reduce the stress on the hospital system and build confidence in the ability to re-open economies.

However, we still have concerns around the uncertainty related to the flow on effect to the global economy and company earnings of Covid-19. We will continue to closely scrutinise developments and assess the potential ramifications as they occur. We are also focused on the US-China tensions on the follow on effect of global trade. Over the longer-term, policy measures should be supportive for risk assets which leaves us with a constructive stance on credit markets.

Disclaimer: this commentary has been directly sourced from Pandal's quarterly factsheet available on their website

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