

ADVANCE BALANCED MULTI-BLEND FUND

As at 30 June 2018

FUND RETURNS*

	1 month (%)	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	(3.71)	(0.76)	3.41	(2.71)	(5.10)	(1.46)
Distribution return	4.95	5.10	6.90	12.92	12.59	9.29
Total return	1.24	4.34	10.31	10.21	7.49	7.83

* 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
Inception date: 31 May 1998

FUND UPDATE

The Advance Balanced Multi-Blend Fund produced a positive absolute return over the June quarter. 12 month performance remains positive. Growth assets outperformed and returns were stronger than investor expectations with both domestic and global equities (unhedged) returning 13.7% and 14.7% respectively. Growth Assets in general performed well ahead of Fixed Income assets which marginally outperformed Cash (1.8%) for the year (Domestic Fixed Income returned just 3.0% while Global Fixed Income (hedged) gained 2.1%.

For the month, asset markets continued to recover from a weak first quarter with positive returns from equity and fixed income markets helping drive a much improved outcome across all Funds year-to-date. The Funds positioning remains in line with our strategic targets while exposures to active investment manager strategies has driven strong excess returns for the 12 month period in both growth and defensive assets.

MARKET COMMENTARY

Despite healthy growth, a lack of market conviction, along with increasing fears regarding trade wars, has led to increased risks surrounding the future direction of the global economy. In June, US inflation hit the Federal Reserve's inflation target for the first time in 2 years, reaching a coveted 2%.

In Australia, GDP grew from 2.4% to 3.1% in June, largely due to increases in mining exports. Production of both iron ore and coal experienced significant increases. Continued low wage growth within Australia may hurt the economy according to the Reserve Bank of Australia (RBA) Governor, Phillip Lowe. Australia's wage growth was 2.1% annually in the March quarter, making it unlikely the RBA's target of 2.5% inflation will be hit. June proved a strong month for Australian equities. The S&P/ASX 200 Accumulation Index rose 3.3%. The S&P/ASX 200 Resources Accumulation Index also gained 3.3%, along with the S&P/ASX 200 Industrials Accumulation Index. The S&P/ASX 200 Accumulation Index AREITs rose 2.2% and the S&P/ASX Small Ords Accumulation Index gained 1.1%.

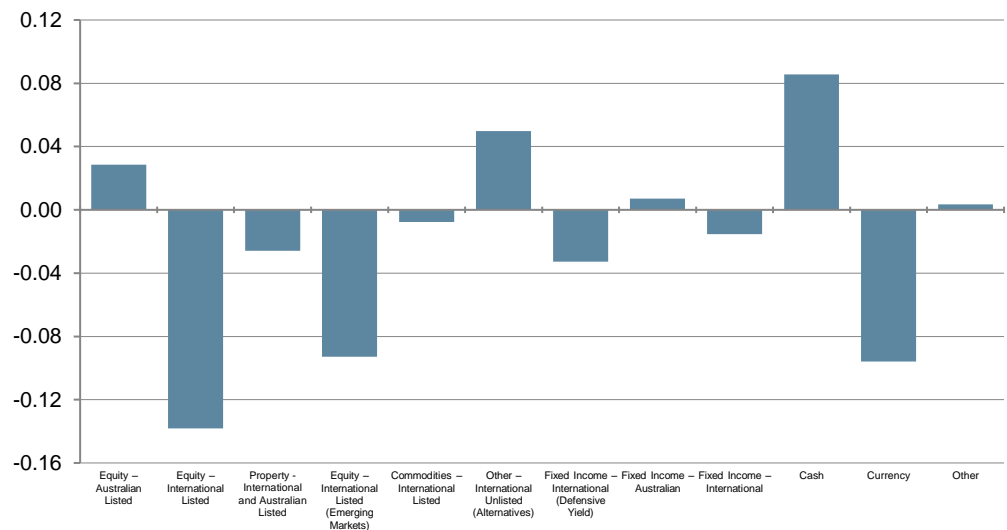
In the US GDP was revised down to 2% from 2.2% and consumer confidence dropped from 128.8 in May, to 126.4 in June while the Federal Reserve's inflation target has been hit for the first time in 2 years, reaching a coveted 2%. Fears of trade wars between the US and other major economies impacted markets in June. The Dow Jones ultimately dropped -0.5%, while the S&P

500 gained 0.6% on a total return basis. Consumer Staples (+4.2%) and Consumer Discretionary (+3.5%) displayed the largest sector growth.

In Europe, the ECB kept rates unchanged during June. The main rate was held at 0.00%. The ECB's quantitative easing program will be concluded at the end of the year. Political turmoil in Spain has eased with the induction of Pedro Sanchez as the nation's new Prime Minister on June 2nd. This comes after the previous leader Mariano Rajoy was caught in a corruption scandal involving his own political party, in turn being ejected from the position. There are still concerns surrounding the long-term feasibility of the new Prime Minister, as his party holds only 84 of 350 seats in parliament. The STOXX Europe 600 Index fell -0.6% on a total return basis. The German DAX Index dropped -2.4% and the French CAC 40 also fell -1.4%. In the UK, the equity market saw a month of negative returns with the FTSE 100 down -0.5%.

In Asia, the Bank of Japan has held its monetary policy stable with its short-term interest rate target at -0.1%. The BOJ's asset-purchasing shows no signs of slowing down as they look to reach their target of 2% inflation. Japanese exports rose at an annual rate of 8.1% in May. In China, a surprise stimulus of 200bn yuan has been lent to the country's financial institutions by the People's Bank of China. This comes after increasing pressures and uncertainties surrounding a trade war with the US. Japan's Nikkei 225 rose 0.6% on a total return basis. Both Hong Kong's Hang Seng (-5.0%) and China's Shanghai Composite Index (-8.0%) fell considerably.

SECTOR CONTRIBUTION TO EXCESS GROSS RETURN – 3 MONTHS (%)



BENEFITS OF INVESTING IN THE FUND

The Fund invests in a diverse mix of assets with both income-producing assets (around 30%) of cash and fixed interest, and growth assets (around 70%) including shares and property and has a moderate to high level of risk. The Multi-Blend approach is based on the belief that the different styles of each manager when combined, can produce a more consistent outcome for investors by minimising style and portfolio risk with a potential for long-term capital growth and enhanced performance through active management.

INVESTMENT OBJECTIVE

To provide moderate to high total returns (before fees and taxes) over the medium term from a combination of capital growth and income through a diversified mix of growth and defensive assets.

KEY FEATURES

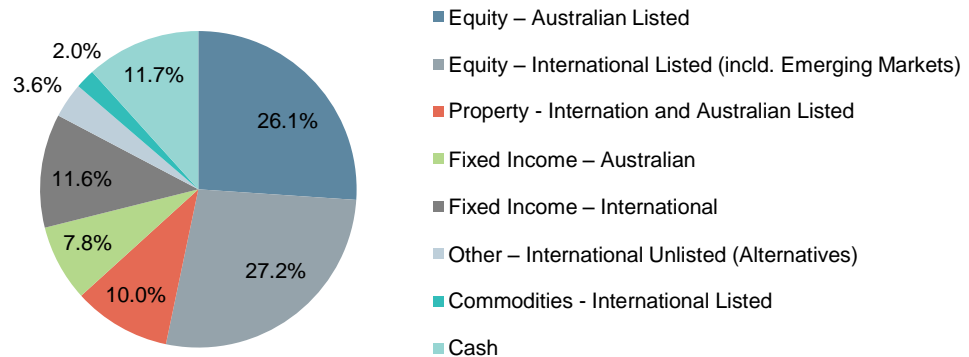
	Wholesale	Retail
Total assets (AUD millions)	\$3,572.71	
APIR code	ADV0050AU	ADV0023AU
Date established	May 1998	April 1992
Distribution frequency	Quarterly	Quarterly
Minimum investment¹	\$5,000 (\$1,500 for Regular Savings Plan)	\$1,500 (\$1,000 for Regular Savings Plan)
Minimum withdrawal	\$1,500.00	\$500.00
Entry fee²	Nil	4.10% maximum
Management costs^{2,3}	0.79% pa	1.94% pa
Buy/sell spread (%)³	00.20/0.20	Nil

1 Refer to the Product Disclosure Statement for further information.

2 Includes the effect of GST (net of RITC) and an estimate of performance fees paid for the 12 months ended 31 March 2017 of 0.01%.

3 The Management Costs and buy-sell spread included in this fact sheet do not include the impact of RG 97 enhanced fees and costs disclosures and you should refer to the Product Disclosure Statement for further information.

ACTUAL ASSET ALLOCATION⁻



ASSET ALLOCATION RANGES

Asset class	Investment managers	SAA ranges (%)
Equity – Australian Listed	Bennelong, Pental, Celeste, OC Funds, Realindex, Schroders, Sigma, Solaris, Tribeca, Vinva, FIL Limited	9-49
Equity – International Listed	AQR, Ardevora, Citi Transition Management, MFS, River & Mercantile, T.Rowe Price, TT International, Wellington, BlackRock	9-49
Property – Australian and International Listed	BlackRock, Heitman, Phoenix , Principal	0-25
Fixed Income – Australian	AMP, Pental, Henderson	0-33
Fixed Income – International	Pental, Kapstream, Standish, Wellington, PIMCO, Western Asset	0-32
Other – Defensive Alternatives	AB Custom, RV Capital	9-54
Commodities – International Listed	Henderson	0-7
Cash	Pental, IMS	0-25

- * The Fund performance is net of management costs and relates to the wholesale class of investment only. If you are an investor in the retail class of investment, you can obtain up to date returns at advance.com.au
- ~ The market exposure (asset allocation) and holdings of the fund may change significantly each day. Allocations may not equal 100% due to rounding.

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ADVANCE
ASSET MANAGEMENT

The Fund is issued by Advance Asset Management Limited (Advance) ABN 98 002 538 329 AFSL No. 240902. This fact sheet contains general information only and does not take into account individual financial circumstances. Investors should consider the PDS and whether the Fund is appropriate to their circumstances, and seek professional advice before investing in the Fund. A Product Disclosure Statement (PDS) for the Fund is available at www.advance.com.au or via 1800 819 935 or from your financial adviser. Financial advisers, please call 1300 361 864. Past performance is not a reliable indicator of future performance. Performance figures are calculated using withdrawal values and assume that income is reinvested. Annual management fees and expenses have been taken into account; however, no allowance has been made for entry fees, tax or any rebates that may be given. Advance is a member of the Westpac Group, which includes Westpac Banking Corporation ABN 33 007 457 141 ("Westpac"). An investment in the Fund does not represent an investment in, deposit with or other liability of Westpac or any other member of the Westpac Group. It is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Westpac nor any other member of the Westpac Group stands behind or otherwise guarantees the capital value of an investment in a Fund or the performance of a Fund. AD10038B-0618sx