ADVANCE
ASSET MANAGEMENT

ADVANCE BALANCED MULTI-BLEND FUND

As at 31 March 2018

FUND RETURNS*

	1 month (%)	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	(1.71)	(1.63)	(10.74)	(6.44)	(7.46)	(1.19)
Distribution return	0.60	0.60	18.38	15.84	12.22	8.46
Total return	(1.11)	(1.03)	7.65	9.40	4.76	7.27

* 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 negative absolute return over the March quarter. However, 12 month performance remains positive. Q1 2018 can be categorised by negative equity returns, partly due to the increased fear of an escalating trade war. The negative returns in equity markets offset positive returns in the Fund's fixed interest investments. 12 month performance for the Fund remains strong, due to strong International Equity returns (+13.3% for the year, +0.8% for the quarter) with more muted returns from Australian Equities (+2.9% for the year, -3.8% for the quarter) and fixed interest investments (+2.9% to +3.3% for the year, -0.1% to +0.9% for the year). All of the Fund's investments have outperformed cash over the 12 month period which returned 1.7%. Investment manager performance across most assets outperformed their respective markets over the 12 month period reflecting a strong outperformance of the fund relative to its asset market benchmark as the Funds Asset Allocation positioning remained aligned to its strategic targets.

MARKET COMMENTARY

Stock markets were blindsided on the first day of March, when US President Donald Trump announced that the US would set new tariffs on steel (25%) and aluminium (10%). While the Administration's messaging on how the tariffs would be implemented was unclear, the stock markets' reaction was not. Markets immediately dropped, and struggled for the rest of the month as concerns of a trade war grew.

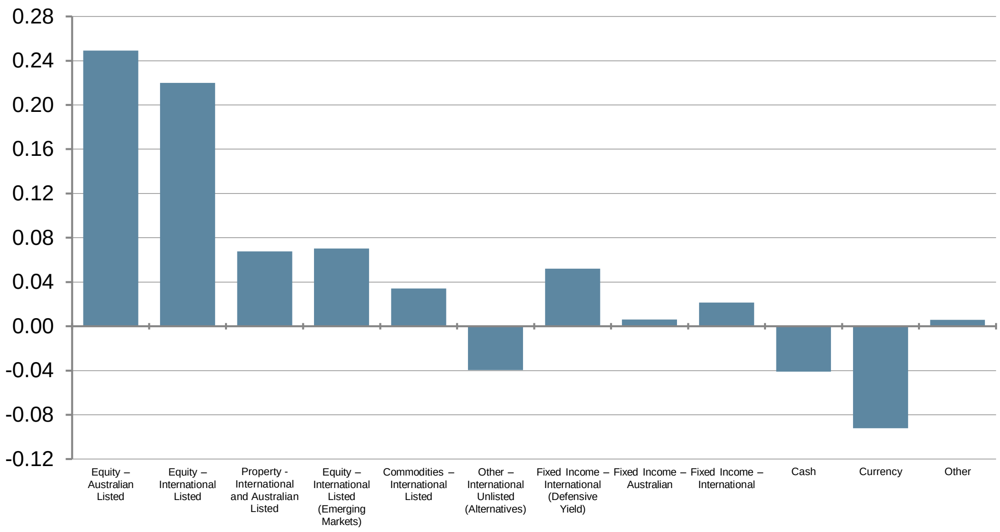
Australia's recorded economic expansion rolled into its 27th year, with the March National Accounts showing that the Australian economy grew by 0.4% in the December quarter, for an annual rate of 2.4%. March saw the Reserve Bank of Australia holding the official cash rate steady at its board meeting, the cash rate in Australia has now been steady for 19 months. The S&P/ASX 200 Accumulation index dropped 3.8% in March. On a price-only basis, the S&P/ASX 200 index slumped 4.3% in March, its worst monthly performance since January 2016.

In the US, as was widely expected, the US Federal Reserve increased the target range for the federal funds rate in March, by 0.25%, to 1.50%–1.75%, in the sixth rate increase of the current tightening cycle. The decision pushed the federal funds target rate higher than the RBA's official cash rate of 1.50% for the first time in more than 17 years. The Fed is forecasting two more rate increases in 2018. All three major US indices saw steep declines over the month, with the S&P 500 off 2.5% on a total return basis. On a price basis, the Dow Jones Industrial Average was down 3.7% and the Nasdaq Composite Index fell 2.9%, in its biggest monthly drop since January 2016.

Throughout the Eurozone, for a second straight month, business activity grew at a weaker-than-forecast rate, with the Eurozone composite purchasing managers' index (PMI), which covers both the manufacturing and services sectors, falling to 55.3 in March, from 57.1 in February, when economists had expected a reading of 56.7. This meant that the Eurozone's private-sector economy grew at the slowest pace in 14 months in March. The Stoxx 600 fell 1.9% for March, also weighed down by the wind coming out of the sails of the Eurozone economic recovery. The DAX index in Germany fell by 2.7% and the CAC 40 in France gave up 2.9%. In the UK, the FTSE 100 index retreated by 2.4%.

In Asia, China's industrial output rose 7.2% in January-February, beating the market's forecast of 6.1%, and rising significantly from December's figure of 6.2% (the country's economic data for the first two months was combined, to make up for the effect of the Lunar New Year holiday). Fixed asset investment, which is an indicator of infrastructure investment, was also strong, up 7.9% versus an estimate of 7%. The figures were taken as a pointer to solid first-quarter economic growth. Beijing is forecasting growth of 6.5% in 2018, down from 6.9% in 2017. The Japanese Nikkei lost 2.0% for March on a total return basis, undermined by concerns about higher US interest rates and the stronger yen, as well as fears of a global trade war. In Hong Kong, the Hang Seng index lost 2.4%, while on the Chinese mainland, the Shanghai Composite Index eased 2.8%.

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

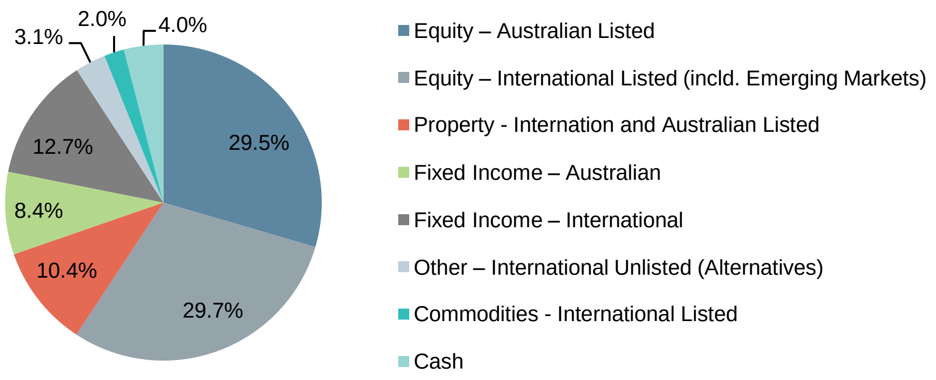
To provide moderate to high total returns (before fees and taxes) over the medium term from a combination of capital growth and income through a diversified mix of growth and defensive assets.

KEY FEATURES

	Wholesale	Retail
Total assets (AUD millions)	$3,465.16	
APIR code	ADV0050AU	ADV0023AU
Date established	May 1998	April 1992
Distribution frequency	Quarterly	Quarterly
Minimum investment[1]	$5,000 ($1,500 for Regular Savings Plan)	$1,500 ($1,000 for Regular Savings Plan)
Minimum withdrawal	$1,500.00	$500.00
Entry fee[2]	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, BT Investment Management, Celeste, OC Funds, Realindex, Schroders, Sigma, Solaris, Tribeca	9-49
Equity – International Listed	AQR, Ardevora, Citi Transition Management, MFS, River & Mercantile, T.Rowe Price, TT International, Wellington,	9-49
Property – Australian and International Listed	BlackRock, Heitman, Phoenix , Principal	0-25
Fixed Income – Australian	AMP, BT Investment Management, Henderson	0-33
Fixed Income – International	BT Investment Management, Kapstream, Standish, Wellington	0-32
Other – Defensive Alternatives	AB Custom, RV Capital	9-54
Commodities – International Listed	Henderson	0-7
Cash	BT Investment Management, 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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