

ADVANCE BALANCED MULTI-BLEND FUND

As at 30 June 2017

FUND RETURNS

	1 month (%)	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	(9.96)	(14.33)	(8.47)	(9.09)	(5.84)	0.30
Distribution return	9.55	16.15	18.57	15.20	12.08	8.63
Total return	(0.41)	1.82	10.10	6.10	6.23	8.93

* 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 returned a positive absolute return over the June quarter and for the year to June 30, a period where risk assets strongly outperformed. Total returns from equity markets particularly international equities helped drive portfolio values higher over the past 12 month period, gaining just under 16.0% (unhedged), whilst domestic equity returns were marginally lower returning just under 14.0%. Asset returns outside of equity markets however were disappointing particularly across fixed income markets given the focus on a future rising interest rate environment. Both domestic fixed income (+0.25%) and international fixed income (+0.47%) markets underperformed cash over the 12 month period, though the Fund's low weighting to these assets did not significantly restrict outperformance over the period. Investment manager performances across all assets outperformed their respective markets and reflected in a solid outperformance of the fund relative to its asset market benchmark.

MARKET COMMENTARY

The June quarter was characterised by healthy gains across US equity markets, despite a late-quarter technology sell-off, indifferent performance from the European bourses and strong rises across Asia, with the exception of China's Shanghai Composite Index, drifting into negative territory. The US Federal Reserve lifted interest rates for the second time in 2017, bringing rates to their highest level since 2008, and gave further details on the process of unwinding its US\$4.5 trillion balance sheet.

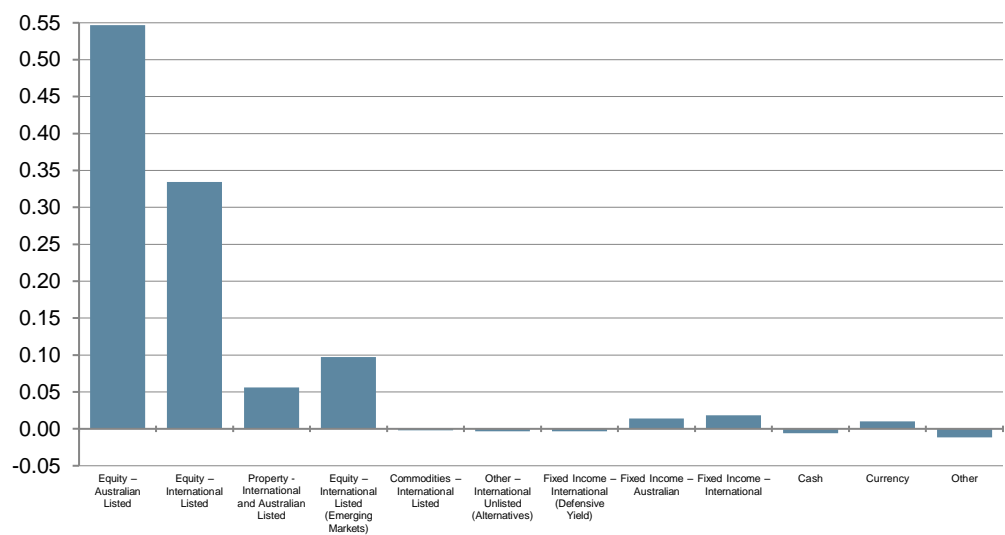
The Australian market struggled over the quarter, hit by a proposed levy to the major banks announced in the Federal Government's budget. With the four largest Australian banks accounting for more than a third of the benchmark S&P/ASX 200 Index by market capitalisation, that placed heavy pressure on the market gauge, which responded with losses in May and June that resulted in a 1.6% decline for the quarter.

China experienced a mixed quarter of activity, hosting one of the largest international events seen in the modern era, with the official launch in May of its One Belt, One Road (OBOR) economic strategy, by which China proposes to link Europe economically to China through countries across Eurasia and the Indian Ocean, and also to link to Africa and Oceania.

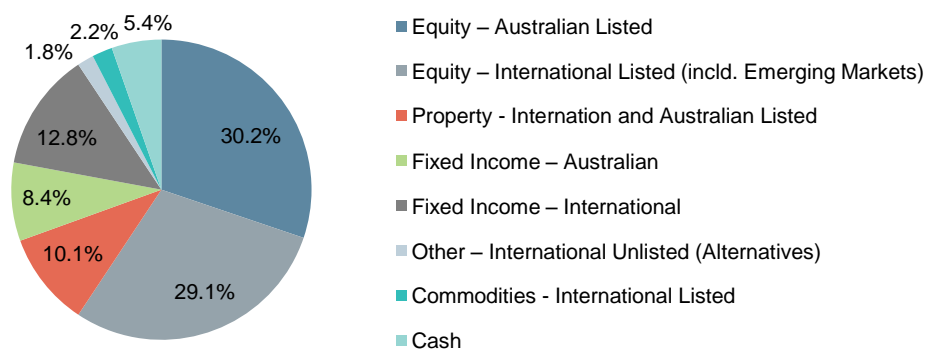
Throughout Europe, politics was also in the spotlight. In France, Emmanuel Macron's independent political party, En Marche! followed his individual win in the French presidential election by securing a strong parliamentary majority, barely a year after being formed. In the UK, the Conservative party, was stripped of its parliamentary majority in an election that Prime Minister Theresa May called with the aim of increasing her party's mandate, and strengthening the British government's hand in Brexit negotiations. The sudden increase in Brexit uncertainty contributed to the unnerved performance of European markets in June.

However, solid company earnings and improving economic data provided some positive support for the indifferent markets over the quarter. UK manufacturing expanded in April at its fastest rate for three years, while the forward-looking IHS Market Eurozone PMI rose again in May, to a six-year high.

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



ACTUAL ASSET ALLOCATION



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 (millions)	\$3,748.89	
APIR code	ADV0050AU	ADV0023AU
Date established	May 1998	April 1992
Distribution frequency	Quarterly	Quarterly
Minimum investment	\$5,000 (\$1,500 for Regular Savings Plan ¹)	\$1,500 (\$1,000 for Regular Savings Plan ¹)
Minimum withdrawal	\$1,500.00	\$500.00
Entry fee	Nil	4.10% maximum ²
Ongoing fee	0.78% pa ^{1,2}	1.93% pa ^{1,2}
Buy/sell spread (%)	00.20/0.20	Nil

¹ Please refer to the Product Disclosure Statement and Application Form.

² Includes effect of GST (net of RITC). Performance fees also apply. This was 0.01% for the 12 months to 31 March 2017.

ASSET ALLOCATION RANGES

Asset class	Investment managers	SAA ranges (%)
Equity – Australian Listed	Alphinity, Bennelong, BT Investment Management, Celeste, FIL Limited, OC Funds, Schroders, Sigma, Tribeca	9-49
Equity – International Listed	AQR, Ardevora, BlackRock, Lansdowne, MFS, AB Custom, River & Mercantile, T.Rowe Price, TT International, Wellington	9-49
Property – Australian and International Listed	BlackRock, Heitman, Phoenix , Principal	0-25
Fixed Income – Australian	Aberdeen, 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

Advance Asset Management, GPO Box B87, Perth WA 6838

Client Services 1800 819 935 Adviser Services 1300 361 864 Fax (02) 9274 5211

advance.com.au

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ASSET MANAGEMENT

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