

ADVANCE DEFENSIVE YIELD MULTI-BLEND FUND

As at 31 May 2017

FUND PERFORMANCE*

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 year (% pa)	Since incept (% pa)
Growth return	0.48	0.90	1.19	(0.35)	(0.86)	0.80
Distribution return	-	0.50	1.10	3.93	2.75	2.23
Total return	0.48	1.40	2.29	3.58	1.89	3.03
Benchmark return¹	0.15	0.45	0.89	1.84	2.05	2.47

* The Fund performance is net of investment fees and relates to wholesale investors only.

Inception date: 5 October 2012. The Fund distributes on a quarterly basis in the months of March, June, September and December.

¹ Benchmark: Bloomberg AusBond Bank Bill IndexSM

FUND UPDATE

The Advance Defensive Yield Multi-Blend Fund returned 0.48% over the month of May, outperforming the benchmark return of 0.15%. As at 31 May 2017, the Fund is overweight the corporate credit sector with over half of the underlying portfolio's securities due to mature in less than one year. The Fund's yield to maturity stands at 3.18% versus 1.65% for its benchmark.

All managers outperformed their respective benchmarks for the month. Standish was again the primary contributor to excess returns with Kapstream also producing solid results whilst BTIM was marginally ahead of its benchmark performance. For Standish, outperformance was generated from a diverse source of active strategies including positioning in FX, asset allocation and interest rates.

Within interest rates, yield curve/duration positioning added to performance, due to overweight duration positions in the U.S., Mexico, Australia/New Zealand, and Brazil. Asset allocation also added to performance as credit sectors continue to do well this year and risk sentiment remains supportive. All credit sectors were positive for the month, while inflation linked bonds were a modest detractor driven largely by the underperformance of U.S. TIPS. FX positioning positively contributed to performance, mainly attributed to Emerging Market currencies, particularly EMEA (Turkish Lira, South African Rand, and Russian Ruble). For Kapstream, the coupon income from its high quality physical portfolio accounted for a majority of outperformance for the month. BTIM's duration and yield curve strategies were the main contributor to performance, while the cross-market and FX strategies detracted and the macro strategy was largely flat.

ACTUAL ASSET
ALLOCATION BY
REGION

Region*	Fund (%)
North America	25.30
United Kingdom	(0.85)
Developed Europe Ex UK	(12.65)
Developed Asia (Ex Aus & Jap)	4.29
Japan	3.01
Australia	38.46
Middle East & Africa	1.71
Emerging Europe	1.83
Latin & South America	3.21
Emerging Asia	3.02
Cash, Currency & Other	32.68
Total	100.00

* Where a negative number is shown, this may indicate the use of derivatives and physical securities to create short positions in the portfolio.

ACTUAL ASSET
ALLOCATION BY
SECTOR

Sector*	Fund (%)
Corporate	54.35
Government Related	11.89
Securitized	15.75
Treasury	(14.76)
Cash & Currency	32.68
Other	0.09
Total	100.00

* Where a negative number is shown, this may indicate the use of derivatives and physical securities to create short positions in the portfolio.

CREDIT, DURATION AND MATURITY

Years to Maturity*	Fund (%)	Benchmark (%)
0-1 years	51.84	100.00
1-3 years	6.24	-
3-5 years	12.77	-
5-7 years	18.63	-
7-10yrs	2.37	-
10yrs+	8.15	-
Total	100.00	100.00

Effective Duration*	Portfolio (Yrs)	Benchmark (Yrs)
<0yrs	(0.05)	-
0-1 years	0.20	0.13
1-3 years	(0.29)	-
3-5 years	0.63	-
5-7 years	1.01	-
7-10yrs	0.02	-
10yrs+	(0.64)	-
Total	0.89	0.13

Credit Quality*	Fund (%)
AAA	17.93
AA	7.62
A	19.73
BBB	29.53
BB	6.79
B	2.51
CCC and Lower	1.41
Not Rated / Derivatives	(28.59)
A-1+	6.73
A-1	2.36
A-2	1.30
A-3	-
Cash & Currency	32.68
Total	100.00

* Where a negative number is shown, this may indicate the use of derivatives and physical securities to create short positions in the portfolio. Specifically, for the reporting of effective duration, negative numbers can also arise when security prices move in the same direction as interest rates where long positions are held in the portfolio.

INVESTMENT OBJECTIVE

To provide returns of 2% pa after fees above the benchmark over the short to medium term.

BENEFITS OF INVESTING IN THE FUND

- > Potential for an enhanced absolute return offering across a range of market conditions.
- > The Fund aims to deliver quarterly distributions to investors.
- > A team of experienced and dedicated professionals actively looking after your investment.
- > Advance has access to the best fund managers from around the world and for this Fund, we have appointed investment managers who have a shared commitment to provide the best outcome for investors. You also have access to their investment expertise, research and process through your investment in the Fund.
- > The Fund has the ability to invest in a broad range of suitable investments and has the ability to take advantage of opportunities across the globe.
- > A high level of transparency through informative and regular reporting.
- > Access to information about your investments 24/7 on our secure client website Investor Online at advance.com.au, enabling you to keep track of your investments.

FUND STRATEGY

The Fund invests in a diversified mix of fixed interest, cash and cash equivalent securities and instruments in both Australian and international markets, with an emphasis on liquidity and capital stability regardless of the overall direction of fixed interest and cash markets. The ability of the Fund's investment strategy to produce investment returns will be dependent on a number of factors including the asset allocation and investment selection skills of the investment managers, market conditions and specific risk factors. The Fund does not have specific diversification guidelines or limits. Although there are no geographical restrictions on where assets may be located, they will typically be located in Australia, Europe and the United States. The base currency of the Fund is Australian dollars however the assets of the Fund may be denominated in a variety of currencies.

There have been no material changes in the Fund's strategy this month.

FUND RISK PROFILE

3 Low – Medium

Low to medium risk of short-term loss. Likely to produce low to medium returns over the minimum suggested timeframe.

There have been no material changes in the Fund's risk profile this month.

KEY SERVICE PROVIDERS

The responsible entity of the Fund is Advance Asset Management Limited.

JP Morgan Chase Bank N.A. is the custodian and administrator of the Fund.

PwC is the external auditor of the financial statements of the Fund. In addition, an individual partner of PwC acts as the auditor of the Fund's Compliance Plan.

The underlying investment managers for the Fund are:

- > Standish Mellon Asset Management Company LLC
- > Kapstream Capital Pty Ltd
- > BT Investment Management (Institutional) Limited

There have been no material changes in the Fund's key service providers this month.

KEY FEATURES

	Wholesale
Date established	October 2012
Distribution frequency	Quarterly
Minimum investment	\$5,000 (\$1,500 for Regular Savings Plan ¹)
Minimum withdrawal	1,500.00
Withdrawal period	5 business days
Entry fee	Nil
Ongoing fee	0.55% pa + estimated performance fee of 0.01% of your balance per year ^{1,2,3}
Exit fee	Nil
Regular Savings Plan ¹	Yes
Regular Withdrawal Plan ¹	Yes
Distribution reinvestment	Yes
Total assets (millions)	\$1,299.97
Month end redemption unit price	\$1.0281
Buy/sell spread (%)	0.07/0.07

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

² Includes effect of GST (net of RITC).

³ This is an estimate only based on the performance paid over the 12 months to 31 March 2016. This performance fee estimate is not a representation of likely future performance.

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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. AD10038KK-0517sx