

ADVANCE DEFENSIVE YIELD MULTI-BLEND FUND

As at 30 November 2018

FUND PERFORMANCE*	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 year (% pa)	Since incept (% pa)
Growth return	(0.33)	(0.45)	(0.97)	(2.74)	(1.37)	(0.04)
Distribution return	0.00	0.11	0.79	2.73	3.07	2.51
Total return	(0.33)	(0.34)	(0.18)	(0.01)	1.70	2.47
Benchmark return	0.15	0.48	0.99	1.91	1.83	2.32

Benchmark: Bloomberg AusBond Bank Bill IndexSM.

FUND UPDATE	
	The Fund underperformed the benchmark during the month of November gross of fees. Kapstream, Pental and Standish all underperformed the benchmark during the month of November. Standish's exposure to emerging market and corporates credits detracted from performance. Pental's performance was impacted by its FX and yield curve trades whilst Kapstream underperformed owing to a broad widening of credit spreads.

ACTUAL ASSET ALLOCATION BY REGION [†]	Region	Fund (%)
	North America	14.69
	United Kingdom	2.15
	Developed Europe ex UK	(6.49)
	Developed Asia (ex Aus & Jap)	3.89
	Japan	2.26
	Australia	37.69
	Middle East & Africa	2.41
	Emerging Europe	0.55
	Latin & South America	1.54
	Emerging Asia	2.29
	Cash, Currency & Other	39.02
	Total	100.00

ACTUAL ASSET
ALLOCATION BY
SECTOR~

Sector	Fund (%)
Corporate	44.73
Government Related	9.01
Securitized	15.68
Treasury	(8.50)
Cash & Currency	39.02
Other	0.06
Total	100.00

CREDIT,
DURATION AND
MATURITY~[†]

Years to Maturity	Fund (%)	Benchmark (%)
0-1 years	40.54	100.00
1-3 years	27.32	0.00
3-5 years	14.28	0.00
5-7 years	5.57	0.00
7-10yrs	5.45	0.00
10yrs+	6.84	0.00
Total	100.00	100.00

Effective Duration	Portfolio (Yrs)	Benchmark (Yrs)
<0yrs	(0.01)	0.00
0-1 years	0.08	0.13
1-3 years	0.09	0.00
3-5 years	0.33	0.00
5-7 years	0.32	0.00
7-10yrs	(0.74)	0.00
10yrs+	0.18	0.00
Total	0.25	0.13

Credit Quality	Fund (%)
AAA	8.26
AA	7.40
A	19.36
BBB	30.44
BB	1.79
B	1.86
CCC and Lower	0.08
Not Rated / Derivatives	-19.05
A-1+	7.52
A-1	1.95
A-2	1.37
A-3	0.00
Cash & Currency	39.02
Total	100.00

MARKET COMMENTARY

Financial markets continued to show widespread volatility during the month of November. Global trade tensions persisted whilst oil prices declined sharply. In Europe, growth was weaker, while Brexit negotiations dominated headlines as opposition to the Brexit withdrawal agreement gained momentum. Brexit uncertainty and global trade tensions weighed on the UK's economy, leading to a decline in house prices and manufacturing PMI.

In the US, economic data was largely positive. Small business optimism and consumer sentiment eased slightly following October's stock market decline, however, personal income and consumer spending in goods and services advanced. The FOMC kept rates unchanged as widely-expected while acknowledging strength in jobs growth and household spending. However, it was subsequent communication from Committee members that gave greater guidance to yields over the remainder of the year. In particular, Chairman Powell's suggestion that rates were "just below" their neutral level squashed concerns over a more aggressive tightening cycle and offered a more dovish perspective.

Against this backdrop, most global sovereign yields fell over the period. US and Canadian yields fell the most among major developed markets, owing to geopolitical uncertainty and dovish central bank rhetoric. US bond yields traded well below its peak by month end.

On the credit front, global corporate credit markets underperformed duration-equivalent government bonds as credit spreads widened. The securitised sectors (agency mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities) also underperformed duration-equivalent government bonds. Within emerging markets (EM), local markets debt (2.81%) outperformed external debt (-0.42%), in USD terms. Spread widening drove the negative performance for external debt, while lower US Treasury yields had a positive impact on returns.

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 investment¹	\$5,000 (\$1,500 for Regular Savings Plan)
Minimum withdrawal	\$1,500.00
Withdrawal period	5 business days
Entry fee²	Nil
Management costs^{2,3}	0.59% pa
Exit fee	Nil
Regular Savings Plan¹	Yes
Regular Withdrawal Plan¹	Yes
Distribution reinvestment	Yes
Total assets (AUD millions)	\$1,020.62
Month end redemption unit price	\$0.9976
Buy/sell spread (%)³	0.07/0.07

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 0.04%.

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

* The Fund performance is net of management costs.

~ Allocations may not equal 100% due to rounding.

† 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.

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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-1118sx