

ADVANCE INTERNATIONAL FIXED INTEREST MULTI-BLEND FUND

As at 30 September 2017

FUND PERFORMANCE*	3 months (%)	1 year (%)	2 years (%)	3 years (%)	5 years (%)
Growth return	0.77	(2.36)	(1.45)	(0.08)	(0.23)
Distribution return	0.02	3.86	5.19	3.66	4.66
Total return	0.79	1.50	3.74	3.57	4.43
Benchmark return	0.89	0.53	4.30	4.77	5.10

Benchmark: Barclays Global Aggregate Bond Index (fully hedged) in Australian dollars

FUND UPDATE	
	The Advance International Fixed Interest Multi-Blend underperformed its benchmark in the September quarter.
	Standish outperformed its benchmark for the quarter whilst Wellington was marginally behind its benchmark. Standish's outperformance came from a diverse source of active strategies including security selection, asset allocation and FX positioning.
	Security selection and asset allocation were the primary contributors to relative returns for Standish. Yield curve strategies were a marginal detractor. Within security selection select exposures to peripheral Europe, specifically Portugal and US corporate credit were the key contributors. Within asset allocation, exposure to Japanese TIPs was a positive contributor as ten year breakeven rates moved higher over the quarter.
	Wellington's macro and quant strategies detracted from the quarter's performance with the credit alpha sleeve contributing to relative returns. Within macro, currency strategies were the primary driver of underperformance with duration strategies providing some positive offset whilst yield curve and country strategies were neutral.

ACTUAL ASSET ALLOCATION BY REGION [~]	Region	Fund (%)	Benchmark (%)
	North America	34.36	42.59
	United Kingdom	3.63	5.75
	Developed Europe (ex UK)	17.94	26.64
	Developed Asia (ex Aus & Jap)	1.50	0.61
	Emerging Asia	1.47	2.78
	Japan	19.26	16.75
	Australia	1.50	1.69
	Middle East & Africa	2.24	0.76
	Emerging Europe	2.05	1.01
	Latin & South America	2.48	1.42
	Cash, Currency & Other	13.57	0.00
	Total	100.00	100.00

SUB SECTOR ALLOCATIONS~

Sector	Fund (%)	Benchmark (%)
Corporate	33.81	18.82
Government Related	6.64	12.20
Securitized	12.23	15.21
Treasury	33.71	53.77
Cash & Currency	13.57	0.00
Other	0.04	0.00
Total	100.00	100.00

CREDIT AND MATURITY~[†]

Credit Quality	Fund (%)	Benchmark (%)
AAA	23.68	38.87
AA	11.76	15.92
A	27.71	26.14
BBB	28.89	18.18
BB	6.34	0.89
B	2.17	0.00
CCC and Lower	0.29	0.00
Not Rated / Derivatives	(14.41)	0.00
A-1+	0.00	0.00
A-1	0.00	0.00
A-2	0.00	0.00
A-3	0.00	0.00
Cash & Currency	13.57	0.00
Total	100.00	100.00

Years to Maturity	Fund (%)	Benchmark (%)
0-1 years	19.77	0.78
1-3 years	11.86	21.41
3-5 years	11.13	18.20
5-7 years	6.71	11.60
7-10yrs	28.96	14.02
10yrs+	21.56	33.98
Total	100.00	100.00

MARKET COMMENTARY

Global fixed income markets generated positive returns in the third quarter. Escalating geopolitical tensions between the US and North Korea and serial disappointments in inflation data helped to contain the increase in sovereign yields prompted by central bank policy normalisation. Generally strong economic data, a rally in commodities prices, and continued demand for yield producing assets supported credit markets and spreads tightened further. Most developed market currencies strengthened versus the US dollar as political uncertainty and continued scepticism about the Federal Reserve's (Fed's) projected rate-hiking path weighed on the greenback

Sovereign yields increased across most developed markets amid shifts to more normalised monetary policy, with the biggest moves in Canada, Australia, and the UK. US Treasury yields also increased, but the yield curve flattened as longer-term yields increased only marginally due to stubbornly low inflation. Japanese government bond yields, anchored by the BOJ's yield-targeting policy, were little changed. Globally, most spread sectors posted positive excess returns as spreads compressed, led by lower-rated sectors.

INVESTMENT OBJECTIVE

To provide a source of income from international fixed interest exposure with a total investment return (before fees and taxes) that outperforms the benchmark over periods of three years or longer.

BENEFITS OF INVESTING IN THE FUND

The International Fixed Interest Multi-Blend Fund provides a source of income from international fixed interest exposure and enhanced performance through active management. This asset sector is not usually as volatile as sharemarkets, and is generally used by the more conservative investor or those with shorter investment timeframes. Managers are selected for their own investment style and process. 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.

KEY FEATURES

	Wholesale	Retail
Total assets (AUD millions)	\$1,550.62	
Date established	February 2001	July 2009
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	\$500
Withdrawal period	5 business days	5 business days
Entry fee ²	Nil	4.10% maximum
Management costs ^{2,3}	0.65% pa	1.85% pa
Regular Savings Plan ¹	Yes	Yes
Regular Withdrawal Plan ¹	Yes	Yes
Distribution reinvestment	Yes	Yes
Buy/sell spread (%) ³	0.10/0.10	Nil
Exit fee	Nil	Nil

¹ Refer to the Product Disclosure Statement for further information.

² Includes the effect of GST (net of RITC).

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 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

~ 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.

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

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. AD10038K-0917sx