

ADVANCE PROPERTY SECURITIES MULTI-BLEND FUND

As at 30 June 2018

FUND PERFORMANCE*	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	4.27	4.36	(3.57)	(1.04)	2.69
Distribution return	3.22	5.07	8.72	9.14	7.46
Total return	7.49	9.43	5.15	8.10	10.15
Benchmark return	7.96	8.21	4.22	7.88	9.91

Inception date: 30 June 2004
 Benchmark: 25% S&P/ASX 300 Property Accumulation Index/ 75% FTSE EPRA/NAREIT Developed Index Hedged in AUD Net TRI

FUND UPDATE	
	<p>The Advance Property Securities Multi-Blend Fund slightly underperformed its benchmark over the quarter.</p> <p>Phoenix, the Fund's specialist A-REITs manager contributed positively to the Fund's relative performance. The underlying Global REITs managers, Principal and Blackrock detracted from the Fund's performance whilst Heitman was a positive contributor.</p> <p>From a total portfolio level an underweight to Hong Kong and the United Kingdom combined with strong stock selection contributed positively to the funds performance, The underweight exposure and strong stock selection within Diversified REITs was also beneficial to performance over the quarter. Whilst an overweight to Specialised REITs contributed positively combined with a positive currency effect. Stock selection made a particularly strong contribution to the Fund's relative performance outcome over the period with Westfield, CyrusOne and Charter Hall Group being some of the largest active contributors.</p> <p>The largest contributor to the Fund's underperformance was an underweight to the United States. As concerns regarding a trade war escalated the Asian region suffered as capital flowed back into the United States. From a portfolio perspective the second largest detractor was poor stock selection in Australia. On a sector basis the largest detractor was an underweight to Industrial REITs combined with poor stock selection, followed by an underweight to Retail REITs. At a stock level the largest detractors on a relative basis were WFD Unibail-Rodamco N.V , Public Storage and Goodman Group.</p>

ACTUAL ASSET ALLOCATION BY SECTOR⁻

	Fund (%)	Benchmark (%)
Diversified REITs	13.17	14.23
Industrial REITs	8.06	9.67
Mortgage REITs	0.00	0.00
Office REITs	10.25	12.19
Residential REITs	9.45	8.14
Retail REITs	22.95	25.74
Specialized REITs	7.20	5.98
Diversified Real Estate Activities	6.39	6.43
Real Estate Operating Companies	7.65	7.51
Real Estate Development	2.38	1.36
Real Estate Services	0.00	0.00
Derivatives & Other	11.49	8.76
Cash & Currency	1.01	0.00
Total	100.00	100.00

* Where a negative number is shown, this indicates the underlying investment managers have used derivatives to create the strategy rather than physical bonds.

ACTUAL ASSET ALLOCATION BY REGION⁻

	Fund (%)	Benchmark (%)
North America	39.44	41.95
United Kingdom	3.72	3.85
Developed Europe ex UK	12.80	12.09
Developed Asia (ex Aus & Jap)	6.83	7.74
Japan	8.70	8.08
Australia	27.10	26.19
Middle East & Africa	0.00	0.09
Emerging Europe	0.00	0.00
Latin & South America	0.15	0.00
Emerging Asia	0.26	0.00
Cash, Currency & Other	1.01	0.00
Total	100.00	100.00

MARKET COMMENTARY

The June quarter was a turbulent period with escalating geopolitical and trade war tensions weighing heavily on investor sentiment. A positive end to the US-North Korea Summit in Singapore provided some relief for the markets early on in the quarter, however, the positive sentiment was short lived with threats of retaliatory tariffs in response to Trump's trade policy moves with its major trading partners. The negative sentiment in the market saw global equity returns fall over the quarter in USD terms; Australian investors, however, benefitted from a weakening currency and the MSCI World ex-Australia (Net Dividends) Index ended up +5.53% in AUD terms. The growing concerns in the market saw investors' interest turning back to the listed real estate market and pushing up returns above the broader equities market. The June quarter ended with the FTSE EPRA/NAREIT Developed Net TRI Hedged AUD up +7.31% and the S&P/ASX 300 AREIT Accumulation up +9.82%.

Strong performance in REITs was seen in the Americas (+13.61%), as US 10-year bond yields stabilised and the theme of corporate activity continued to play out. Asia Pacific was positive, except for Singapore which fell over -5% over the quarter due to concerns about rising interest rates and its potential impact on residential real estate. In Europe, the UK real estate securities underperformed the rest of the European market on the back weaker than expected UK retail sales and continued Brexit risks. Meanwhile in Australia, we saw the successful conclusion of the Unibail-Rodamco & Westfield merger transaction to create Unibail-Rodamco-Westfield (URW).

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Scentre Group Limited	5.85	5.83
WFD Unibail-Rodamco N.V.	3.57	3.71
Simon Property Group, Inc.	2.99	2.66
GPT Group	2.66	2.28
Vicinity Centres	2.52	2.09
AvalonBay Communities, Inc.	2.38	1.20
Goodman Group	2.24	3.93
Mirvac Group	1.94	2.02
Dexus	1.85	2.46
Prologis, Inc.	1.57	1.77

INVESTMENT OBJECTIVE

To provide investors with a total investment return (before fees and taxes) that outperforms the benchmark over periods of five years or longer.

BENEFITS OF INVESTING IN THE FUND

The Property Securities Multi-Blend Fund is a simple way to invest in the property market without tying up your money directly in real estate. You can participate in all sectors of the property market including office, hotels, retail, residential and industrial property. Listed property securities may provide a growing income stream with some tax advantages, due to depreciation and other allowances, as well as a capital growth over time. 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)	\$2,394.06	
Date established	April 2004	April 2004
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	1500	500
Withdrawal period	5 business days	5 business days
Entry fee ²	Nil	4.10% maximum
Management costs ^{2,3}	0.85% pa	1.97% pa
Regular Savings Plan ¹	Yes	Yes
Regular Withdrawal Plan ¹	Yes	Yes
Distribution reinvestment	Yes	Yes
Buy/sell spread (%) ³	0.30/0.30	0.30/0.30
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.

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. AD100381-0618sx