

# ADVANCE INVESTMENT FUNDS

## Update to the Additional Information Booklet

Issued: May 2018

### This is important information you should read before making a decision to invest in the Funds.

The labour standards or environmental, social or ethical considerations contained under Section 5 “How we invest your money” of the current Advance Investment Funds, Additional Information Booklet issued 30 September 2017 has been updated as below:

We take an integrated approach to the consideration of ESG factors across asset classes as relevant and we believe this enhances our ability to meet the long-term investment objectives for the relevant Funds and provides greater insight into investment risks across all timeframes. The level of ESG integration included in an investment manager’s strategy and the individual investment manager’s ESG capabilities is a factor we consider as part of our investment manager selection process. Once appointed, to the extent an underlying investment manager of the relevant Fund considers it appropriate, and having regard to its investment strategy, ESG factors may be included in their investment processes.

We are committed to practising active ownership through engagement with companies and working with investment managers to ensure voting rights are exercised appropriately. Our preferred approach is not to exclude particular companies or industries from the Funds, but rather to use engagement and proxy voting to influence the behaviour of companies.

For the Australian and international shares exposures of the relevant Funds, in exceptional circumstances we may consider excluding certain securities or industries, where activity undertaken that:

- > is unlawful in the relevant jurisdiction;
- > would lead to a contravention of international treaties or conventions ratified by Australia; and/or
- > is a severe breach of accepted business standards.

Exclusions will only be considered where it is not deemed feasible to influence a company through engagement or proxy voting. Prior to exclusions being exercised, consideration is given to the impact of the exclusions to the relevant Funds ability to meet investment objectives.

The above approach has given rise to the exclusion of companies participating in the following activities:

- > the growing of tobacco and production of tobacco products; and
- > the production of controversial weapons, including anti-personnel mines, biological and chemical weapons and cluster weapons.

The activities that may be excluded can change from time to time. These exclusions only apply to the Australian and international shares investment mandates where we have an investment management agreement with the investment manager. Exclusions do not generally apply to investments in pooled vehicles.

Advance Asset Management, GPO Box B87, Perth WA 6838

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

[advance.com.au](http://advance.com.au)

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