ADVANCE ASSET MANAGEMENT

ADVANCE BALANCED MULTI-BLEND FUND

As at 31 March 2019

FUND RETURNS*

	1 month (%)	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	1.23	9.09	1.96	(4.60)	(3.72)	(2.50)
Distribution return	0.00	0.00	5.94	12.37	12.62	9.28
Total return	1.23	9.09	7.90	7.77	8.89	6.78

* The Fund performance is net of investment fees and relates to wholesale investors only. If you are a retail investor, you can obtain up to date returns at advance.com.au
Inception date: 31 May 1998

FUND UPDATE

The Advance Balanced Multi-Blend Fund produced a positive absolute return over the month of March contributing to positive 12 month performance. Australian equity markets were more muted over March compared to the start of the calendar year, delivering 0.7%, resulting in an 11.7% over the past 12 months. Currency hedged and unhedged international markets performed broadly in line, returning 1.7% and 1.5% respectively as the Australian Dollar remained flat vs the basket of underlying developed currencies. Emerging markets returned 1.0% over the month of March.

March proved to be a strong month for Listed Real Estate Investment Trusts (REITs), with International REITs returning 3.8% and domestic providing a 6.0% return, bringing 12 month returns to 16.2% and 25.9% respectively. Domestic fixed interest returned 1.8% benefitting from both lower interest rate expectations and tightening credit spreads. Similarly, international fixed interest returned 1.7%.

Higher growth diversified funds produced similar returns to defensive funds due to low dispersion in underlying asset class returns.

MARKET COMMENTARY

In Australia, the Reserve Bank left the cash rate unchanged, as was widely expected, reiterating uncertainty around domestic household consumption, weak income growth and falling house prices. This backdrop contributed to a GDP rise of 0.2% in the December quarter following another weak increase of 0.3% in the September quarter. In March, inflation rose by 0.4% to 2.1%, from 1.7% in February. The unemployment rate fell to the lowest level in 7 ½ years (4.9%) in February, while jobs grew a softer 4.6k in the month.

Consumer confidence deteriorated in March into pessimistic territory at a reading of 98.8, weighed on by both disappointing GDP results and the housing market's downward momentum. The NAB business survey in March revealed a similar situation with business confidence falling by another 2 points to 0 index points.

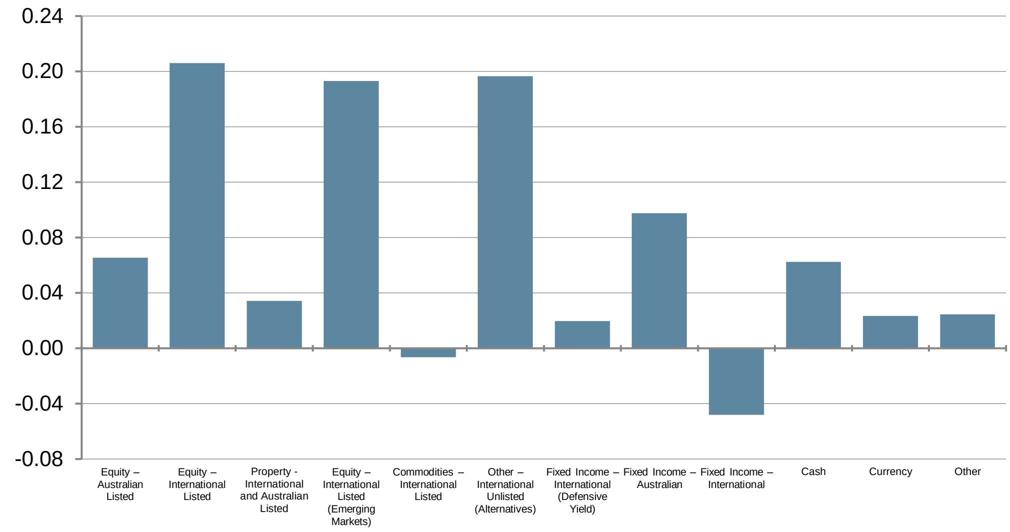
March was another strong month for the Australian share market, marking a solid end to Q1 2019 with the ASX 200 reversing the December quarter's losses (-9.0%) to deliver 9.5% over the three months to March, the strongest gain in almost a decade. The ASX 200 delivered 0.73%, the strongest performers were Real Estate (+5.37%), Telecommunications (+3.71%) and Healthcare (+3.29). The laggards of the month were Energy (-4.48%) and Financials (-2.07%).

As the US and China continue to make progress on trade negotiations, the markets tuned into the Fed's address on monetary policy outlook. While the Fed maintains its confidence in US fundamentals supporting economic expansion, risks from abroad was sufficient to cement the case for a patient approach to better assess their impacts on the US economy, indicating the possibility of there being no more rate hikes to come in 2019. A downward revision of GDP growth was underscored by a weaker outlook in unemployment and inflation. Economic growth is suggested to be a lower 2.1% in 2019 but remains robust and in line with the long-term trend rate of growth. Inflation continues to remain muted with headline CPI inflation lifting only 0.2% in February, bringing the annual pace to 1.5%, the slowest since September 2016. Consumer sentiment was also of a positive note, lifting to 97.8 in March, following a decline to 93.8 in February. Pleasingly, the US trade deficit narrowed from $59.9bn in December to $51.1bn in January, constituting a 0.9% increase in exports, and a 2.6% drop in imports. The US housing market improved, with home prices rising at a moderated pace in January of 0.1% following a rise by 0.2% in December. Growth concerns globally continued to detract from markets but was met with better news on progressive US-China trade talks. The S&P 500 was up 1.94% and NASDAQ up 2.70%.

Following weak economic data in Europe, the ECB downgraded growth and inflation forecasts while announcing renewed liquidity provisions via Targeted Longer Term Refinancing Operations (LTROs), putting plans to end its quantitative easing stimulus program on hold. Further plans to tighten monetary policy by means of a rate hike have now been pushed out until 2020 at the earliest. The Eurozone Markit manufacturing PMI fell deeper into contractionary territory at 47.6 in March from 49.3 in February. The situation was similar in Germany, as manufacturing slumped to 44.7 in the same period. The ZEW measure of investor expectations for Eurozone improved with a rise to -2.5 in March from -16.6 in February, which provided some comfort in the leading indicator of economic expectations. In the UK, the labour market remained robust with a strong lift in employment and a fall in the unemployment rate to 3.9% in the three months to January. The annual rate of headline inflation edged up from 1.8% in January to 1.9% in February. The Markit manufacturing PMI returned a 55.1 in March up from 52.0 in February, with companies stepping up to build inventories ahead of Brexit. European markets followed the momentum upwards, as seen by the rise across the STOXX Europe 600 (+2.21%), FTSE 100 (+2.89%), CAC 40 (+2.10) and the DAX (+0.09%). Weak German data was of concern, adding to investors' rising fears of a recession, as did Brexit's state of disarray.

In Asia, The Annual National People's Congress (NPC) in China delivered new economic reforms that would see targeted reduction in tax burdens, tax cuts, and reduced pension contribution requirements, which in aggregate, equates to approximately 2% of the nation's GDP. This comes as the Chinese government has cut China's GDP growth target to 6.0-6.5%. Of relief was a lift in manufacturing activity as measured by the Caixin manufacturing PMI, rising from 49.9 in February to 50.8 in March, signalling the first levels of expansion in four months driven by strengthening of new orders and output. The manufacturing story in Japan played to another tone, as the Tankan large manufacturers index fell to 12 in Q1 from 19 in Q4 last year, making the change the largest decline in six years. The Nikkei manufacturing PMI was unchanged at 48.9, indicating manufacturing activity continued to contract in March. Japanese GDP growth was confirmed at 0.5% in Q4 supported by strong business spending. The trade balance has moved into surplus territory of JPY339bn in February from a deficit of JPY1415.6bn in January, driven by a sharp 6.7% decline in imports, with exports also declining 1.2% in February. Inflationary pressures remained absent, with Japanese CPI rising a soft 0.2% in the year to February, and unemployment fell to 2.3% in February from 2.5% in the month earlier. The BoJ left rates unchanged with intentions to keep rates at these low levels. While it has faith in Japan's ability to expand moderately, it forecasts weakness in exports due to downside risks of global demand. The Asian markets delivered mixed results, carried forward predominately on positive US-China trade negotiations and newly announced Chinese policies. While the Hang Seng (+1.46), and the Shanghai Composite (+5.09%) all made gains on a total return basis, the Nikkei 225 (-0.03%) and the Korean KOSPI (-2.49%) declined off the back of weaker regional data.

SECTOR CONTRIBUTION TO EXCESS GROSS RETURN – 3 MONTHS (%)



BENEFITS OF INVESTING IN THE FUND

The Fund invests in a diverse mix of assets with both income-producing assets (around 30%) of cash and fixed interest, and growth assets (around 70%) including shares and property and has a moderate to high level of risk. 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 with a potential for long-term capital growth and enhanced performance through active management.

INVESTMENT OBJECTIVE

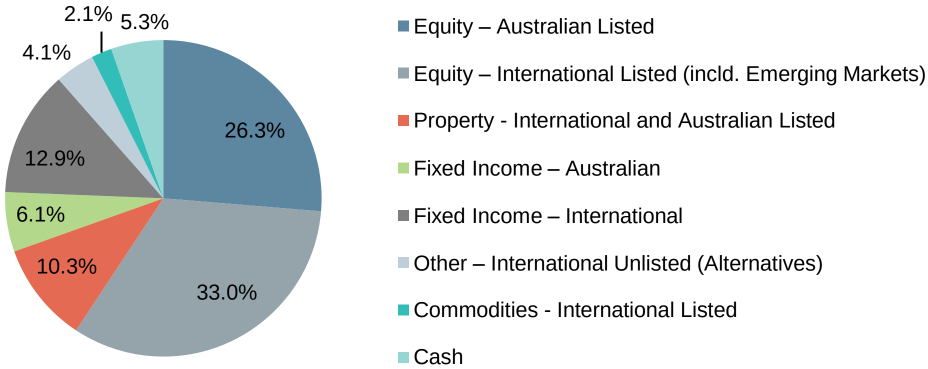
To provide moderate to high total returns (before fees and taxes) over the medium term from a combination of capital growth and income through a diversified mix of growth and defensive assets.

KEY FEATURES

	Wholesale	Retail
Total assets (AUD millions)	$2,516.96	
APIR code	ADV0050AU	ADV0023AU
Date established	May 1998	April 1992
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	$1,500.00	$500.00
Entry fee[2]	Nil	4.10% maximum
Management costs[2,3]	0.78% pa	1.94% pa
Buy/sell spread (%)[3]	00.20/0.20	Nil

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 0.01%.
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.

ACTUAL ASSET ALLOCATION~



ASSET ALLOCATION RANGES

Asset class	Investment managers	SAA ranges (%)
Equity – Australian Listed	FIL Limited, Nikko AM, Pendal, Platypus, Realindex, Solaris, Vinva	6-46
Equity – International Listed	AQR, Ardevora, Realindex, River & Mercantile, T.Rowe Price, BlackRock, TT International, Wellington,	12-52
Property – Australian and International Listed	BlackRock, Heitman, Phoenix , Principal	0-22
Fixed Income – Australian	AMP, Pendal, Janus Henderson	0-26
Fixed Income – International	BNY Mellon, PIMCO, Wellington, Western Asset, Kapstream, Pendal	0-32
Other – Defensive Alternatives	BlackRock, PIMCO, Pendal, RV Capital	0-22
Commodities – International Listed	Janus Henderson	0-7
Cash	Pendal, BlackRock	0-25

* 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

~ The market exposure (asset allocation) and holdings of the fund may change significantly each day. Allocations may not equal 100% due to rounding.

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