

ADVANCE DEFENSIVE MULTI-BLEND FUND

As at 30 April 2019

FUND RETURNS*

| | 1 month (%) | 3 months (%) | 1 year (%) | 2 years (% pa) | 3 years (% pa) | 5 years (% pa) |
|----------------------------|-------------|--------------|------------|----------------|----------------|----------------|
| Growth return | 0.71 | 3.73 | 2.16 | (0.18) | (0.37) | (1.14) |
| Distribution return | 0.08 | 0.15 | 3.65 | 5.05 | 5.59 | 5.43 |
| Total return | 0.79 | 3.88 | 5.81 | 4.87 | 5.22 | 4.29 |

Inception date: 30 September 1998

FUND UPDATE

The Advance Defensive Multi-Blend Fund produced a positive absolute return over the month of April contributing to positive 12 month performance. Australian equity markets returned 2.5% over the month, bringing returns to 13.7% since the start of the year. Domestic equity markets ended the month above their September 2018 highs.

International developed markets outperformed domestic markets, with the MSCI World ex Australia index returning 4.6% in AUD terms, assisted by a 0.7% depreciation in the Australian Dollar vs. its developed market peers. Emerging markets returned 3.0% over the same period.

Domestic fixed interest returned 0.3% over the month, driven by a further tightening in credit spreads and falls in the short end of the fixed interest curve. Australian fixed interest monthly returns contributed to a 12 month return of the asset class of 7.9% outperforming the international benchmark - Bloomberg Barclays Global Aggregate, by 0.3% and 2.8% over the same time periods respectively.

Following strong first quarter returns, Listed Real Estate Investment Trusts declined in value over the month, Australian REITs returned -2.3% whereas international markets returned -1.1%. Australian REITs have now returned 18.0% over the 12 months period with international REITs delivering 11.7%.

The April Reserve Board Bank Meeting saw the decision to leave the Australian short rate unchanged at 1.5%. The decision was again repeated at the May meeting. The market is now pricing an increased chance of interest rate cuts following softer employment data. Market consensus now views a greater chance of an interest rate cut than no cut at the next RBA meeting. We expect the impact on asset pricing to be minimal should the RBA cut by 0.25% in line with market consensus.

Over the month higher growth diversified funds outperformed defensive funds over the month due to a high dispersion in underlying asset class returns.

MARKET COMMENTARY

Global shares continued to move upwards following on from the first quarter rally, as Central Banks remain dovish in the face of persistent downside risks.

Equity markets have not yet lost steam as the continuation of the first quarter rally made its way into April. The S&P 500 was up 4.05%, with the S&P/SAX 200 rising 2.37%. While the risks that

weighed heavily on the minds of investors in the final months of 2018 remain present, an accommodative stance from Central Banks has largely supported the markets.

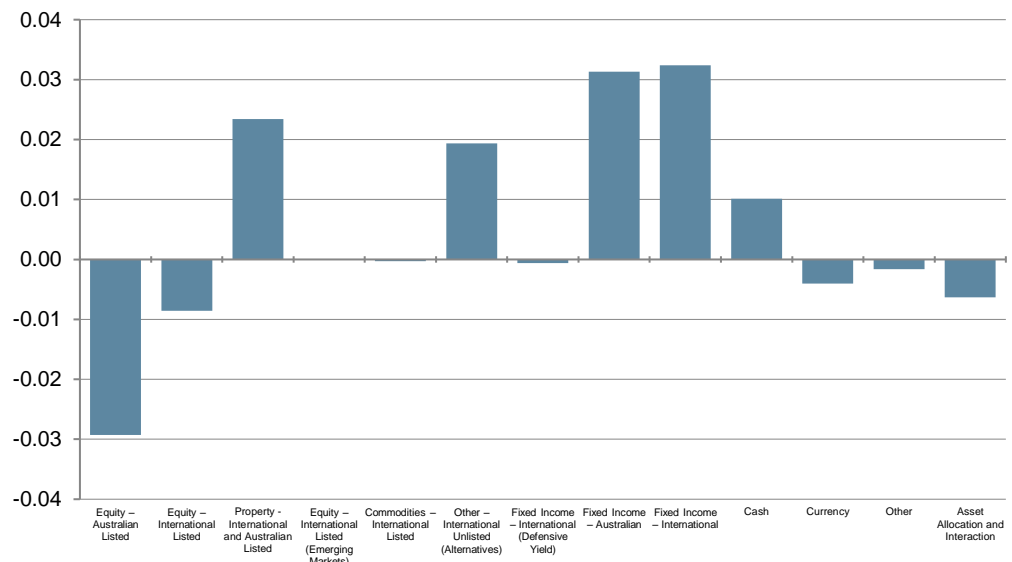
Trade negotiations between the US and China appeared to make progress with hopes that a deal may soon come to be, although uncertainty still prevails. The US reported an initial reading of first quarter GDP to be 3.2%, above consensus expectations of 2.3%, but the focus was on the composition of the report, being that more than half of the growth was driven by trade and inventories, with the risk that the improvement in net trade will not last and the renewed surge in inventories will be reversed.

An improvement in reported Chinese data was linked to the introduction of government stimulus earlier in the year. March quarter GDP was reported at a stronger than expected 6.4% pace. PMI indicators indicated both the manufacturing and non-manufacturing sectors remain in expansionary territory. While the pick-up in this data was seen to be positive, the surprise first quarter growth raised concerns amongst investors that the Chinese government may pull back stimulus, sending the Shanghai Composite down -0.04% for the month, against the momentum of other markets globally.

While the stronger economic data from the US and China gave some temporary relief, a slowdown in growth remains an issue across the Eurozone with data confirming this weakness. Officials and policymakers remain sceptical that the European economy will improve in the second half of this year, just as Germany cut its forecast to 0.5% in 2019, citing a challenging trade environment. The EU's relationship with the UK remains tense, as another extension to the Brexit leaving date to 31 October 2019 was granted.

Domestically, the Reserve Bank maintained its wait-and-see approach of both how global themes and conditions back at home develop, leaving the cash rate unchanged. This comes as disappointing headline CPI was reported to be flat in the March quarter at 1.3% (0.19% growth, below the consensus forecast of 0.2%), making it the slowest annual pace since the September quarter of 2016. The six-month annualised growth rate in core inflation sits at 1.2%, well below the RBA's target band of 2-3%, suggesting the case for a rate cut grows.

SECTOR CONTRIBUTION TO EXCESS GROSS RETURN – 1 MONTH (%)



BENEFITS OF INVESTING IN THE FUND

The Fund invests in a diverse mix of assets with a majority (about 70%) in the defensive assets of cash and fixed interest and a modest investment (about 30%) in growth assets, such as shares and has a low to medium 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 secure income with a low risk of capital loss over the short to medium term, with some capital growth over the long term.

KEY FEATURES

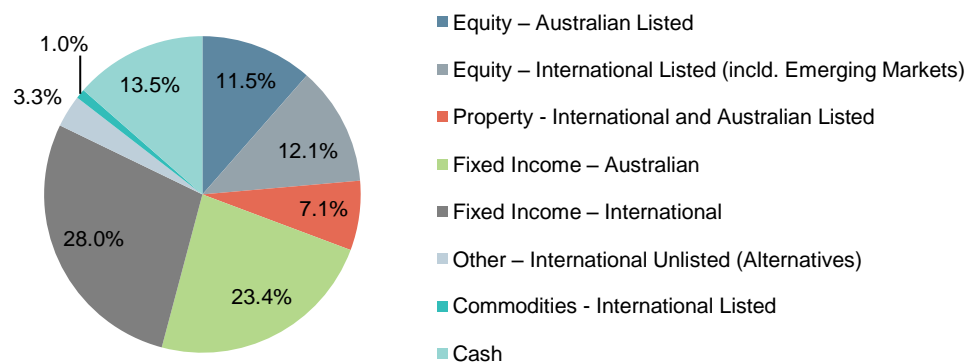
| | Wholesale | Retail |
|--|--|--|
| Total assets (AUD millions) | \$650.92 | |
| APIR code | ADV0049AU | ADV0022AU |
| Date established | September 1998 | May 1992 |
| Distribution frequency | Monthly | Monthly |
| Minimum investment¹ | \$5,000 (\$1,500 for Regular Savings Plan) | \$1,500 (\$1,000 for Regular Savings Plan) |
| Minimum withdrawal | \$1,500.00 | \$500.00 |
| Entry fee² | Nil | 4.10% maximum |
| Management costs^{2,3} | 0.68% pa | 1.73% pa |
| Buy/sell spread (%)³ | -0.12/0.12 | 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 manager | SAA ranges (%) |
|-------------------------|--|--|----------------|
| | Equity – Australian | FIL Limited, Nikko AM, Pental, Platypus, Realindex, Solaris, Vinva | 0-31 |
| | Equity – International | AQR, Ardevora, Realindex, River & Mercantile, T.Rowe Price, BlackRock, TT International, Wellington, | 0-31 |
| | Property – Australian and International Listed | BlackRock, Heitman, Phoenix , Principal | 0-20 |
| | Fixed Income – Australian | AMP, Pental, Janus Henderson | 2-42 |
| | Fixed Income -- International | BNY Mellon, PIMCO, Wellington, Western Asset, Kapstream, Pental | 7-47 |
| | Other – Defensive Alternatives | BlackRock, PIMCO, Pental, RV Capital | 0-22 |
| | Commodities – International Listed | Janus Henderson | 0-6 |
| | Cash | Pental, BlackRock | 0-34 |

- * 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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ADVANCE
ASSET MANAGEMENT

The information in this document has been prepared by Advance Asset Management Limited ABN 98 002 538 329 AFSL 240902 ('Advance').

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Advance is the responsible entity of the Advance Defensive Multi-Blend Fund, ARSN 087 296 491 ('Fund'). A Product Disclosure Statement ('PDS') is available for the Fund and can be obtained by calling the Contact Centre on 1800 819 935, or visiting www.advance.com.au. The Financial Services Guide ('FSG') for Advance can also be obtained via the Product Disclosure Statement page on www.advance.com.au. Any retail client should obtain and consider the PDS for the Fund and the FSG before deciding whether to acquire, continue to hold or dispose of units in the Fund.

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