

ADVANCE PROPERTY SECURITIES MULTI-BLEND FUND

As at 31 March 2019

FUND PERFORMANCE*	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	14.59	14.63	2.01	(0.86)	3.37
Distribution return	0.10	3.66	8.38	9.19	7.48
Total return	14.69	18.29	10.39	8.33	10.85
Benchmark return	14.52	18.71	9.52	7.88	10.80

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 outperformed its benchmark over the quarter. All the Global REITs managers, Principal, Heitman, and Blackrock contributed positively to the funds' relative performance whilst the domestic strategies had a negative or neutral contribution. From a total portfolio level, the quarter has seen a very strong stock selection in the United States, particularly in the Industrial, Office and Residential sectors. Stocks like Invitation Homes (+21%), Prologis (+22%) and Alexandria Real Estate (+23%) did particularly well this quarter. Other countries, at the exception of Australia, had minimal impact on relative returns.</p> <p>Negative contribution for the quarter came from the Australian strategies, largely due to an underweight position to Goodman group (+26%). The positioning in the Japanese market also contributed negatively with Leopalace21 Corporation down -50% for the quarter over concerns over the increased impairments from further disclosure around faulty construction.</p>

ACTUAL ASSET ALLOCATION BY SECTOR⁻

	Fund (%)	Benchmark (%)
Diversified REITs	12.17	14.83
Industrial REITs	9.71	11.00
Mortgage REITs	0.00	0.00
Office REITs	10.57	12.45
Residential REITs	10.45	8.92
Retail REITs	19.60	22.70
Specialized REITs	6.83	6.20
Diversified Real Estate Activities	7.17	6.40
Real Estate Operating Companies	7.09	7.47
Real Estate Development	1.91	1.46
Real Estate Services	0.00	0.00
Derivatives & Other	12.19	8.58
Cash & Currency	2.31	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	40.72	41.96
United Kingdom	3.47	3.47
Developed Europe ex UK	11.10	10.22
Developed Asia (ex Aus & Jap)	7.24	8.34
Japan	8.72	8.30
Australia	25.78	27.60
Middle East & Africa	0.00	0.10
Emerging Europe	0.00	0.00
Latin & South America	0.15	0.00
Emerging Asia	0.50	0.00
Cash, Currency & Other	2.31	0.00
Total	100.00	100.00

MARKET COMMENTARY

Property Securities rallied over the first quarter of the year, with G-REITS (FTSE EPRA/NAREIT Developed Rental TRI AUD Hedged) up 14.36% and A-REITS (S&P/ASX 300 A-Reit Accumulation Index) up 14.38%. The large returns have been attributed by many market participants to a more 'dovish' stance from the US Federal Reserve. With an impending liquidity crunch now less likely investors were once again willing to hold risky assets in the view that the US Federal Reserve's stance will elongate the economic cycle. The European Central Bank indicated an easing bias after lowering growth forecasts. Property assets are sensitive to rate expectations and this quarter was no exception. There was positive sentiment over US-China Trade talks which led Hong Kong to be the best performing region for the quarter. Globally there is still a trend towards industrial property and away from retail as e-commerce continues to grow. In Australia properties that are leveraged to falling cap rates such as Charter Hall and Goodman Group were the stand out performers.

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Scentre Group Limited	4.90	5.13
Unibail-Rodamco-Westfield	2.90	1.99
Simon Property Group, Inc.	2.76	2.68
Prologis, Inc.	2.75	2.15
Goodman Group	2.67	5.12
GPT Group	2.51	2.63
AvalonBay Communities, Inc.	2.50	1.32
Mirvac Group	2.35	2.40
Dexus	2.28	3.03
Charter Hall Group	1.93	0.96

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)	\$2,128.25	
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.

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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 Property Securities Multi-Blend Fund, ASRN 094 112 580 ('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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