

# Advance Australian Geared Equity Fund Wholesale Units

Product Disclosure Statement (PDS) Update 1 March 2010

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This notice updates the information contained in the Advance Australian Geared Equity Fund Wholesale Units Product Disclosure Statement (PDS) dated 11 April 2008 as supplemented by the Supplementary Product Disclosure Statements dated 1 February 2010 issued by Advance Asset Management Limited (Advance), ABN 98 002 538 329, Australian Financial Services Licence No 240902

This PDS Update has been issued by Advance following a change to the borrowing arrangements that enable the Advance Australian Geared Equity Fund to gear its investment exposure.

The following must be read with the PDS.

The information below replaces the information under the heading 'How Gearing works' on page 12 of the PDS.

## How Gearing Works

The Fund borrows money to gear (or leverage) its investment exposure. The Fund's borrowing costs are usually paid from the income from the underlying investments.

The gearing ratio is the total amount borrowed expressed as a percentage of the total assets of the Fund.

Advance monitors expected income with the objective of ensuring it is adequate to meet the borrowing costs. If Advance believes that expected income will not be adequate to meet the borrowing costs, it may decrease the gearing ratio by selling Fund assets and repaying a portion of the borrowings.

When interest rates are low relative to net dividend yields, we will set the gearing level for the Fund relatively higher. Conversely, when interest rates are high relative to net dividend yields we will set the gearing level for the Fund relatively lower.

In the unlikely event the Fund needs to improve its liquidity position, we have the right to reinvest all or part of any distribution made to investors.

Derivatives may be used to gear the Fund in the future where Advance considers it to be in the best interest of investors, having regard to the availability and cost of borrowings.