

# Advance Retirement Suite Advance Australian Geared Equity Fund



Supplementary Product Disclosure Statement – 1 February 2010

investigate

Issued by Advance Asset Management Limited  
ABN 98 002 538 329 AFSL 240902

This is a Supplementary Product Disclosure Statement (SPDS) for the Advance Retirement Suite Advance Australian Geared Equity Fund Product Disclosure Statement (PDS) dated 11 April 2008. This SPDS must be read together with the PDS.

## 1. Contact details

**Outside front and back cover of the PDS – the references to the fax number are deleted and replaced with the following.**

08 9481 4318

**All references throughout the document to our 'Perth office' are to be replaced with 'Registry office'.**

## 2. Investing in the Fund

Page 9 of the PDS – the sections 'How we process transactions' and 'Distributions' are deleted and replaced with the following.

### HOW WE PROCESS TRANSACTIONS

Generally, if we receive your correctly completed application and monies or a correctly completed withdrawal/switch request before 4pm (Sydney time) on a business day from the Advance Retirement Suite Trustee, it will be processed with the unit price calculated for that day. Where we receive correctly completed documentation and monies (where applicable) after 4pm (Sydney time) on a business day, it will be processed using the unit price determined for the following business day.

Advance may decline to accept all or part of an application without giving any reason.

### DISTRIBUTIONS

The type of distribution received will depend on the performance of the Fund's underlying assets.

Distributions could comprise:

- income (such as dividends and interest)
- realised capital gains from the sale of the Fund's underlying assets (including CGT concession amounts)
- tax credits (such as imputation credits attached to dividend income and credits for tax paid on foreign income)
- return of capital
- tax-deferred amounts (these amounts are generally subject to special taxation treatment).

Distribution payments are generally made to the Advance Retirement Suite Trustee within 10 business days after the end of the distribution period with the exception of financial year end, which may take up to 20 business days. Where the timing of payments is otherwise expected to exceed 10 business days, information on the proposed date will generally be available on [advance.com.au](http://advance.com.au).

The amount of income distributed is calculated according to the number of units held in the relevant Fund as a proportion of the total number of units on issue in that Fund at the end of the distribution period, regardless of how long they have been held. There may be times when a Fund doesn't generate enough income in a distribution period to pay a distribution.

Any realised capital gains are usually only distributed at the end of the financial year; however, Advance may use its discretion to distribute realised capital gains at the end of any distribution period.

### 3. Westpac

Page 11 of the PDS – the section under the heading ‘Our relationship with St.George Bank’ is deleted and replaced with the following.

#### OUR RELATIONSHIP WITH WESTPAC

Advance is a member of the Westpac Group. Entities within the Westpac Group may provide certain advisory and administrative services to us such as registry and unit holder reporting. Any fees we pay to these service providers are paid by us out of our management fee and are not an additional charge to you. We may also place a Fund’s cash on deposit with Westpac or St.George.

### 4. Continuous disclosure

Page 11 of the PDS – in the section entitled ‘Continuous Disclosure’, change the third bullet point to read the following.

“any continuous disclosure notices we place online or lodge with ASIC for the relevant Fund”

### 5. Single authorised deposit-taking institution

On 1 March 2010 (the Transfer Date), Westpac Banking Corporation (Westpac) and St.George Bank Limited (St.George), its wholly owned subsidiary, will become a single authorised deposit-taking institution under the *Financial Sector*

(*Business Transfer and Group Restructure*) Act 1999 (Cth).

On and from the Transfer Date:

- 1) St.George will be de-registered and will surrender its Australian financial services licence;
- 2) St.George will become a division of Westpac and no longer exist as a separate company; and
- 3) Westpac will become the issuer of financial products previously issued by St.George, as well as the financial services licensee and providing entity in respect of financial services previously provided by St.George.

#### Amendments to the PDS

- 1) Delete the following logo wherever it appears,



and replace with the new logo.



- 2) In the boxed section on page 2 with the heading ‘Advanced thinking...’, delete the sentence ‘Advance is the funds management arm of St.George’.
- 3) Under the heading commencing with the words ‘This PDS is an important document, which should be read before making a decision to invest ...’ on page 2 update the following.
  - a) Delete the first paragraph and replace with ‘Advance is a subsidiary of Westpac and a member of the Westpac Group’.
  - b) In the second bullet point of the second paragraph, delete all references to ‘St.George Bank Limited’ and ‘St.George Group’ and

replace with references to ‘Westpac’ and ‘Westpac Group’ respectively.

c) In the fourth paragraph:

i) Delete the following.

‘St.George Bank’ means St.George Bank Limited ABN 92 055 513 070 AFSL 240997.

Replace with the text below.

‘St.George Bank’ means St.George Bank, a division of Westpac.

ii) Delete the following.

‘St.George Group’ is used to describe St.George Bank and its wholly owned subsidiaries.

iii) After the definition of ‘you’/‘your’ insert the following words.

‘Westpac’ means Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714, ‘Westpac Group’ means Westpac and its subsidiaries.

- 4) Under the ‘Additional information’ section of the PDS, delete and replace the sub-section with the heading ‘INTERFUNDING AND RELATED PARTIES’, on page 11 with the following text:

#### INTERFUNDING AND RELATED PARTIES

The Fund may acquire investments directly or may invest in other funds, including any fund we manage. Member companies of the Westpac Group, their employees, and any other fund we manage, may also invest in the Fund.

St.George Bank (a division of Westpac), Westpac or other members of the Westpac Group, from time-to-time, arrange borrowing facilities for the Fund and receive payment for this. They may also, from time-to-time, be paid by the Fund for arranging borrowing facilities on behalf of the Fund or for making loans to the Fund. These amounts will be payable on arm’s length commercial terms and will be paid by the Fund.

# Advance Retirement Suite

## Advance Australian Geared Equity Fund

ARSN 098 112 193

### Product Disclosure Statement

11 April 2008

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**This Product Disclosure Statement (PDS) is only for use by investors who wish to invest in the Advance Australian Geared Equity Fund ('the Fund') offered through the Advance Retirement Suite.**

#### **What is the Advance Retirement Suite?**

The Advance Retirement Suite is a selection of superannuation and pension products offered by Advance and issued by Asgard Capital Management Limited.

#### **What happens when you invest through the Advance Retirement Suite?**

When you select an investment Fund offered from the Advance Retirement Suite, you indirectly invest into a managed investment scheme offered by Advance. The trustee of the Advance Retirement Suite, Asgard Capital Management Ltd ('Advance Retirement Suite Trustee'), will provide you with all the information, such as reporting in respect of the Fund. Any questions relating to your investment in the Advance Retirement Suite and this Fund, including when you wish to make additional investments, withdraw your investment, or transfer your investment, should be directed to the Advance Retirement Suite Trustee.

If you choose to invest in the Advance Australian Geared Equity Fund, your investment will be held in the name of the Advance Retirement Suite Trustee, who will be referred to as the 'unit holder' in this PDS. Advance will issue all income, reports or other documentation from the Fund to the Advance Retirement Suite Trustee as unit holder in the Fund.

Issuer of this PDS and Responsible Entity of the Fund:

Advance Asset Management Limited (Advance)  
ABN 98 002 538 329 AFSL 240902  
Level 5, 182 George Street, Sydney NSW 2000  
Telephone: **1800 819 935**  
Fax: 08 9481 4318  
Website: [advance.com.au](http://advance.com.au)

## **This PDS is an important document, which should be read before making a decision to invest in the Advance Australian Geared Equity Fund.**

Advance is a related company of St.George Bank Limited ABN 92 055 513 070 (St.George Bank) AFSL 240997, and a member of the St.George Group.

Investors, on directing the Advance Retirement Suite to invest in the Fund, should be aware that:

- an interest in the Fund is not a bank deposit or bank security. It is an interest in a managed investment scheme as defined in the Legislation and is subject to investment and other risks, including the possibility of delays in withdrawal proceeds in some circumstances or even income or capital losses.
- neither Advance Asset Management Limited, St.George Bank Limited nor any other member of the St.George Group in any sense guarantees the capital value or performance of units in the Fund. Apart from Advance Asset Management Limited in its capacity as Responsible Entity, and Asgard Capital Management Ltd as the Trustee of Advance Retirement Suite, neither St.George Bank Limited nor any other member of the St.George Group, has any liability at all in connection with the Fund or any statement or information contained in this PDS.

These statements in no way limit disclaimers elsewhere in this PDS.

In this PDS, 'ABN' means Australian Business Number, 'Advance' means Advance Asset Management Limited ABN 98 002 538 329 AFSL 240902 who is the issuer of this PDS, 'AFSL' means Australian Financial Services Licence number, 'Constitution' means the deed of the Fund (as amended from time to time), 'Fund' means the Advance Australian Geared Equity Fund available through this PDS through the Advance Retirement Suite, 'Legislation' means the Corporations Act 2001 (Cth) and regulations, as relevant and as amended or updated from time to time and any other applicable statutory or regulatory instrument, 'St.George Bank' means St.George Bank Limited ABN 92 055 513 070 AFSL 240997, 'St.George Group' is used to describe St.George Bank and its wholly owned subsidiaries, 'unit holder' means the Advance Retirement Suite acting on your behalf, 'we'/'our'/'us' means Advance and 'you'/'your' means an investor or a potential investor in the Fund, investing in the Advance Retirement Suite. Advance agrees to the use of this PDS for Advance Retirement Suite investors only. Advance accepts no responsibility for any aspect of the Advance Retirement Suite or (without limitation) for any failure on the part of the Advance Retirement Suite in respect of its administration, payment of income or other distributions, payment of withdrawal proceeds, fees charged or the efficiency or viability of the Advance Retirement Suite. Specifically, Advance's consent to permit naming of the Fund in the PDS issued by the Advance Retirement Suite Trustee does not signify any endorsement of or support for the Advance Retirement Suite by Advance.

The information in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. Consequently, you should consider whether the information in this PDS is appropriate for you in light of your individual objectives, financial situation or needs before making a decision to invest in the Fund. To obtain investment advice on the Fund offered through this PDS you should consult a financial adviser who is an Australian financial services licensee or an authorised representative. The offer made through this PDS is only available to persons receiving this PDS (including an electronic version) in Australia. If you are in possession of this PDS outside Australia, you should seek advice regarding restrictions on investing. Failure to comply with relevant restrictions may violate laws.

Future returns can vary from past returns. You should not solely base your decision to invest in the Fund on past returns. Advance may update past return figures and other details (including terms and features of the Fund when Advance is so permitted under the PDS or the Fund's Constitution) that are not materially adverse without issuing a Supplementary PDS. You can obtain this updated information free of charge by contacting the Advance Retirement Suite Trustee or our Contact Centre on **1800 819 935** or by visiting **advance.com.au**

We may charge you for further information depending on what type of information you request. All persons and entities named in this PDS have consented to the statements relating to them in this PDS in the form and context in which they are included and have not withdrawn this consent before the date of this PDS.

### **Advanced thinking...**

Advance is the funds management arm of St.George. Since 1984, Advance has partnered with some of the smartest names in funds management – offering a distinct difference for clients through our unique suite of multi-manager and single manager investment solutions. These include single-sector and diversified investment funds, plus superannuation and retirement solutions.

Using a rigorous thinking approach, Advance hand picks the best performing fund managers from the global markets, provides clients a selection of fund managers and leading experts, and identifies and packages the perfect combination of fund managers.

We do the ground work so that when you invest, you can do it with peace of mind.

## AN INTRODUCTION

### HOW WE SELECT THE SPECIALIST INVESTMENT MANAGER

Our investment team makes a stringent, detailed assessment of the managers behind each of our funds. We regularly meet with the managers and conduct an intense investigation of everything from their investment philosophy and current market views to how well the team is working together or how they would react in periods of high volatility.

When choosing a manager, we review:

- investment style and process,
- their consistency in applying that style and process,
- the proficiency and experience of their investment team,
- whether they have strong risk management controls in place,
- past performance and attribution, and
- their potential to add value over the long term.

### WORKING WITH THE SPECIALIST INVESTMENT MANAGER

We are responsible for deciding how funds are allocated to the investment manager, and we set the performance objectives and risk management guidelines. Once we allocate funds to the investment manager, they decide the specific investments they will make.

### CONTINUAL REVIEW

Our research team formally reviews each manager every quarter on a variety of levels:

1. Their performance in relation to our investment expectations.
2. Whether they are holding 'true to label' – managing the investment allocation as per the agreed investment philosophy, process and style.
3. Staff stability – assessing reasons for increased turnover, remuneration developments and overall resource adequacy.

### HOW THE FUND WORKS

The Fund is a registered managed investment scheme. This means that investors' funds are pooled and managed in accordance with a set objective and strategy. An investor acquires interests in the Fund in the form of units. When you invest in the Fund through this PDS, the Advance Retirement Suite Trustee will do so on your behalf and will be issued with units. The Constitution of the Fund allows for more than one class of units to be offered to investors. The rights of investors in different classes of units may vary.

Please note: a unit does not give the Advance Retirement Suite Trustee any direct interest in any underlying asset in the Fund.

### DERIVATIVES

Under the terms of the Constitution, we may invest in options, futures and other derivative contracts.

The underlying investment manager may use derivatives such as futures, options and other derivative contracts to:

- help protect the Fund against possible changes in the market value of investments, or
- achieve desired investment positions without actually buying or selling the physical asset.

Losses as well as gains are possible on these contracts.

Advance may use derivatives to leverage (or gear) the Fund as an alternative to borrowings.

### BORROWINGS WITHIN THE FUND

The Constitution for the Fund allows borrowing. Currently the Fund borrows to meet short-term cash requirements and for investment purposes as outlined on page 10.

### CHANGES TO THE FUND

We may close the Fund, change the rules that govern the Fund or alter its investment objective, strategy or underlying investment manager at our discretion. We will provide the Advance Retirement Suite Trustee with notice of such changes as required by contractual obligation or Legislation.

We will notify the Advance Retirement Suite Trustee of any material change or significant event in relation to the Fund and/or its investment objective and/or strategy. If we consider the change or event is adverse to unit holders, we will notify the Advance Retirement Suite Trustee as required by contractual obligation or Legislation, but in any event within three months. If the change or event is not considered adverse, we will notify the Advance Retirement Suite Trustee of the change or event within 12 months. If the change is an increase in fees or charges, we will give the Advance Retirement Suite Trustee advance notice of 30 days in writing.

### OTHER CONSIDERATIONS

Our priority is to maximise returns with an acceptable level of risk.

We don't make investment decisions or appoint investment managers based on labour standards, environmental concerns and social and ethical considerations.

The underlying investment managers we select may have their own policies to determine if these issues are taken into account when making investment decisions, however, we don't require them to.

## FUND PROFILE

### Advance Australian Geared Equity Fund

#### Investment objective

To provide magnified long term capital growth by borrowing to invest in securities listed, or expected to be listed, on the Australian Stock Exchange. The Fund aims to provide investors with a total investment return (before fees and taxes) that outperforms the S&P/ASX 200 Accumulation Index over periods of five years or longer.

#### Investment strategy

To invest in a wide range of Australian shares listed, or expected to be listed, on the Australian Stock Exchange. Currently it is intended that the Fund's strategy be implemented by investing in the Advance Sharemarket Fund. Most of the investment will comprise companies in the S&P/ASX 200 Accumulation Index.

#### Investment time frame<sup>1</sup>

5 years +

#### Asset sector ranges

Asset sector	Minimum (%)	Maximum (%)
Australian shares	95.00	100.00
Cash	0.00	5.00

#### Investment management<sup>2</sup>:

Maple-Brown Abbott Limited through investment in the Advance Sharemarket Fund<sup>3</sup>

#### Fund size<sup>4</sup>

\$1.10 million

#### Distribution period

Half-yearly (Jun, Dec)

#### Performance

Performance <sup>5</sup> (% p.a.)	1 year	3 years	5 years
Distribution	-5.59	-11.44	0.32
Growth	11.91	35.02	25.67
Total	6.32	23.59	25.99

<sup>1</sup> The investment timeframe is a suggestion only. You should review your investment in the Fund regularly to ensure it meets your investment needs.

<sup>2</sup> Advance has the right to add or remove an investment manager at any time without prior notice to the unit holder and you.

<sup>3</sup> Advance manages the gearing of this Fund. The Advance Sharemarket Fund is not offered in this PDS.

<sup>4</sup> As at 31 December 2007. Up-to-date information can be obtained from [advance.com.au](http://advance.com.au) or our Contact Centre on **1800 819 935**.

<sup>5</sup> Performance figures are annualised returns as at 31 December 2007, and are calculated using withdrawal unit prices and assume that income is reinvested. Ongoing management costs and expenses have been taken into account. No allowance has been made for Contribution (or entry) fees or taxes. Total return figures include realised capital gains, unrealised capital gains as well as distributed and undistributed income. Past performance is not indicative or a guarantee of future performance.

## UNDERSTANDING INVESTMENT RISK

### WHAT ARE THE SIGNIFICANT RISKS?

All investments carry some level of risk. In investment terms, risk is the variability in short term returns and the potential to lose your capital. There is also a risk that the investment manager may not perform according to expectations.

The value of your investment may be affected by factors such as:

- financial market volatility,
- economic cycles,
- political events,
- Legislation,
- tax,
- interest rates,
- exchange rates, and
- individual company factors.

Investment risk means it is not possible to predict the returns that the Fund will achieve. Investment returns are not guaranteed and past performance is not an indicator of future performance.

Generally, the higher an investment's expected return, the higher the expected risk. Shares are generally considered more volatile (that is, they are likely to experience greater fluctuations in value) than property, while property is generally more volatile than fixed interest and cash. Higher risk asset sectors such as shares and property have historically produced higher long term returns than fixed interest and cash.

### HOW TO REDUCE INVESTMENT RISK

There are two main ways in which you can reduce investment risk:

#### 1. Investing for an appropriate length of time

The longer you hold an investment in a growth asset such as shares, the greater the chance of riding out short-term market fluctuations.

#### 2. Diversification

Different types of investments perform differently under different market conditions. Diversifying investments across asset sectors and within asset sub sectors can reduce investment risk.

### SPECIFIC RISKS OF INVESTING

**Individual investment risk** – Assets held by the Fund may fall in value for many reasons such as a change in the internal operations or management of a fund or company invested in or in its business environment. A change in the value of individual investments can also arise should dividend payments change.

**Market risk** – Assets held by the Fund are all exposed to some level of market risk. Market risk is not stock specific. It is the risk derived from macro-economic factors and events that affect the market as a whole. Economic, technological, political or legal conditions, and even market sentiment, change and this can mean that the value of investment markets change affecting the value of the assets held by the Fund. These factors include shocks to the economy such as a spike in the oil price, terrorist

threats, political elections, environmental catastrophes and changes to monetary and/or fiscal policy.

**Interest rate risk** – Changes in interest rates can have a positive or negative impact directly or indirectly on the investment value or returns of the assets held by the Fund. For example, the cost of a company's borrowing can decrease or increase whilst income returns on a fixed interest security can become more or less favourable.

**Erosion in real values** – The value of certain assets held by the Fund may be eroded through inflation or changes in interest rates.

**Currency risk** – The Fund invests in companies with exposure to other countries. If there is a change in the relative value of the Australian dollar to other currencies, the assets of the Fund can decrease or increase in value.

**Derivatives risk** – See 'Derivatives' on page 3. Risks associated with derivatives include the value of the derivatives failing to move in line with the underlying asset, potential illiquidity of the derivative, the Fund may not be able to meet payment obligations as they arise, and counter party risk (this is where the counter party to the derivative contract cannot meet its obligations under the contract). In futures markets, counter party risk is removed as a clearing house (usually an exchange) assumes the counter party role.

**Fund risk** – Risks specific to the Fund include closure to new investments or termination, replacement of the Responsible Entity and/or our investment managers could change and/or not meet expectations. There is also a risk that investing into the Fund may give different results than investing directly due to the accrual of income or capital gains and the cash flow effect as other investors make contributions or redeem out of the Fund.

**Changes to Legislation** – Changes can be made to the Legislation, which may affect your investment in the Fund.

**Changes to taxation** – Changes can also occur to the Australian taxation legislation, which may affect the value of your investment in the Fund.

**Changes in personal factors** – Changes in your personal situation may affect the suitability of the investment for each investor, such as changes in your investment objectives, personal borrowings, personal financial situation or individual needs.

**Regulatory risk** – A government or regulator may affect the value of securities that the Fund invests in by introducing regulatory or tax changes.

### IMPORTANT NOTE

**Your investment in the Fund is not guaranteed. The value of your investment can rise and fall in line with the changing value of the underlying investments.**

**It may be useful to consult your financial adviser especially in the case of a market downturn to ensure this investment is appropriate to your needs.**

## ASSET SECTOR BENEFITS AND RISKS

The table below lists the benefits and risks of the underlying asset sector in which the Fund invests:

Asset Sector	Benefits	Risks
Australian shares	<p>Shares represent part ownership of a company and are generally bought and sold on a stock exchange. Returns from shares can include both capital growth and an income component from dividends paid by the company. Imputation credits attached to some dividend payments may offset other taxes payable.</p> <p>Investing in Australian shares gives investors the opportunity to benefit from the performance of Australian companies across a wide range of industries such as banking, health care and information technology.</p>	<p>Shares are generally classified as more volatile than other asset sectors because their value tends to fluctuate over the short term. However, over the longer term, shares have tended to perform better than other asset sectors.</p> <p>The specific risks of investing in shares include that the company, or the industry in which it operates, may not perform as well as expected or that there may be adverse changes in a company's financial position.</p>
Geared Australian share funds	<p>Investing in an Australian geared share fund offers the benefits of a convenient, cost effective gearing strategy with potentially higher returns.</p> <p>Investors who may use this style of investment include:</p> <ul style="list-style-type: none"> <li>• investors looking for the simplicity of a pre packaged geared investment with relatively low finance cost,</li> <li>• investors who want to borrow to invest in shares but cannot or do not wish to use their home as loan security,</li> <li>• investors who want to limit potential losses to the amount invested (i.e. no "margin calls"), and</li> <li>• DIY investors who wish to increase their investment exposure without breaching superannuation direct borrowing rules.</li> </ul> <p>As with all geared equity investments, both positive and negative returns will be magnified. The inclusion of an Australian geared equity fund in a portfolio can provide diversification benefits as well as potentially enhancing long term returns.</p>	<p>An Australian geared share fund is a higher risk investment than an equivalent ungeared investment, as gearing can magnify both positive and negative returns.</p> <p>Investor's returns will be affected by the level of gearing and associated borrowing costs (such as interest rates).</p> <p>If the gearing limits are exceeded, lenders may require the sale of assets of the Fund to repay borrowings.</p> <p>In order to improve a fund's liquidity or prevent a breach of the borrowing arrangements, the underlying fund may at any time suspend the processing of withdrawals.</p>
Cash	<p>Cash investments are held in cash securities such as term deposits and bank bills, which can be up to one year in duration. Investing in cash provides a high level of security and the lowest level of risk.</p> <p>It can be used by the more conservative investor or those with shorter investment timeframes.</p>	<p>Whilst cash produces the most stable investment returns when compared to other asset sectors, there is limited scope to generate higher long term returns relative to growth assets.</p> <p>There is also a risk that cash returns will not keep pace with inflation.</p>

## FEES AND OTHER COSTS

The following statement is prescribed by current Legislation.

### DID YOU KNOW...

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2.00% of your fund balance rather than 1.00% could reduce your final return by up to 20.00% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your investment, from the returns on your investment or from the assets of the Fund as a whole. All fees and charges described in the following fee information table are inclusive of GST, after the benefits of Reduced Input Tax Credits have been taken into account. Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Please note: these fees do not take into account any rebates that we may provide to the Advance Retirement Suite Trustee, which may be passed on to you, or include any additional fees that may be charged by the Advance Retirement Suite Trustee.

In line with ASIC policy on differential fee arrangements, fees may be negotiated on an individual basis with 'wholesale clients' (within the meaning of the Corporations Act).

Type of fee or cost	Amount	How and when paid
<b>FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND</b>		
<b>Establishment fee</b> The fee to open your investment.	N/A	N/A
<b>Contribution (or entry) fee<sup>1</sup></b> The fee on each amount contributed to your investment.	N/A	N/A
<b>Withdrawal fee</b> The fee on each amount you take out of your investment.	N/A	N/A
<b>Termination fee</b> The fee to close your investment.	N/A	N/A
<b>MANAGEMENT COSTS</b> The fees and costs for managing your investment.		
<b>Management fee<sup>1</sup></b>	2.05% p.a. of the total asset value <sup>2</sup> of the Fund.	The Management fee is deducted from the Fund prior to a unit price being determined. It is accrued on a daily basis and paid from the Fund on a monthly basis.
<b>SERVICE FEES</b>		
<b>Investment switching fee</b> The fee for changing funds.	N/A	N/A

<sup>1</sup> This fee may include an amount payable to a financial adviser. (See *Adviser remuneration* under the heading *Additional explanation of fees and costs* on page 8). The Constitution of the Fund allows for a Contribution (or entry) fee of up to 6.00% but this is not currently payable.

<sup>2</sup> The Fund charges a Management fee of 2.05% p.a. on the 'total assets' of the Fund, that is, your investment plus borrowings, instead of 'net assets', which is used for other funds managed by Advance. If comparing on a net asset basis, assuming a gearing ratio of 50%, this would represent a Management fee of 4.10% p.a.

## EXAMPLE OF ANNUAL FEES AND COSTS FOR THE ADVANCE AUSTRALIAN GEARED EQUITY FUND

This table gives an example of how the fees and costs in the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example – Advance Australian Geared Equity Fund		
Balance of \$50,000 with a contribution of \$5,000 <sup>1</sup> during the year		
Contribution fee <sup>2</sup>	Nil	For every \$5,000 <sup>1</sup> you put in, you will be charged \$0.
<b>PLUS</b>		
Management costs	4.10% <sup>3</sup>	And, for every \$50,000 you have in the Fund you will be charged \$2,050 each year.
<b>EQUALS</b>		
Cost of fund		If you put in \$5,000 <sup>1</sup> during the year and your balance was \$50,000, then for that year you will be charged:  <b>\$2,050</b>  What it costs you will depend on the Fund you choose and the fees you negotiate with your financial adviser.
<sup>1</sup> This amount is prescribed by Legislation. <sup>2</sup> Please note: Transaction costs may apply to this Fund. <sup>3</sup> The 4.10% p.a. Management costs used in the example is based on net asset value and assumes a 50% gearing ratio. The Fund charges Management Costs of 2.05% on total assets, that is the value of your investment plus borrowings.		

## ADDITIONAL EXPLANATION OF FEES AND COSTS

### CONTRIBUTION (OR ENTRY) FEE

There is currently no intention for this fee to be charged for the Fund described in this PDS. The Constitution for the Fund limits the maximum Contribution (or entry) fee we can charge to 6.00% (excluding GST). If charged, it will be payable as a percentage of each amount contributed into the Fund and the balance invested as instructed by the Advance Retirement Suite Trustee.

### MANAGEMENT COSTS

#### What Management costs include

**Management fee** – charged as a percentage of the value of the Fund. It is accrued daily and paid from the Fund on a monthly basis. The Constitution limits the Management fee for the Fund to a maximum of 3.00% p.a. (excluding GST).

We are entitled to be reimbursed from the Fund for authorised expenses incurred in its management and administration. Currently routine Fund expenses including trustee, registry, custodian, accounting, audit and legal expenses (excluding Transaction costs, see below) are paid out of our Management fee. If extraordinary or unusual expenses are incurred, we may choose to recover costs from the Fund and this will be reflected in the unit price of the Fund.

### Borrowing Costs

Interest and other borrowing costs including establishment fees, agency fees, legal fees, government charges and duties, account and transaction fees will be payable to the Fund. These borrowing costs are not included in the Management fee calculation.

### TRANSACTION COSTS

In managing the assets of the Fund, the investment manager may incur transaction costs such as brokerage, settlement costs, clearing costs and applicable stamp duty when underlying assets are bought and sold. This generally happens when the assets of a Fund are changed or when there are net cash flows into or out of the Fund.

Transaction costs will be charged in the form of “buy and sell spreads”. These costs are determined after the daily unit price is calculated and are applied either in addition to the daily unit price for investments or deducted from the daily unit price for redemptions. The buy and sell spread is an additional cost to you and is paid to the Fund.

The table below shows the transaction costs that apply for the Fund and the percentage applicable on the date of issue of this PDS.

Fund	Transaction costs on buying or selling (%)
Advance Australian Geared Equity Fund	0.40

In dollar terms a \$50,000 investment in, or withdrawal from, the Fund would incur a transaction cost of \$200 (calculated as \$50,000 x 0.40%).

### IMPORTANT ADDITIONAL DISCLOSURE

We may increase our fees or charges from time to time. We will provide the Advance Retirement Suite Trustee with advance notice of 30 days in writing of any increase.

### ADVISER REMUNERATION

We may pay a commission of up to 0.20% p.a. to dealer groups for recommending the Fund to you. These payments may be on a once off basis or ongoing. They are paid from our Management fee and are not an additional charge to you.

### PAYMENTS TO PLATFORM

In addition, we may also enter into a variety of arrangements with IDPS operators which may involve us making payments to these operators in return for offering the Fund on their platform. Such payments may be product access payments of up to \$100,000 p.a. and/or ongoing fund manager payments of up to 1.25% p.a. of the funds invested through the relevant platform. These payments are paid out of our fees and are not an additional cost to you.

## ALTERNATIVE FORMS OF REMUNERATION REGISTER

Advance is a member of the Financial Planning Association (FPA) and Investment and Financial Services Association (IFSA) and as such is required to keep a register on alternative forms of remuneration. We record information about material forms of alternative remuneration (\$300 per item or more) that are paid and/or received by fund managers, product providers, or financial advisers or their representatives.

The register is publicly available for inspection. A copy of Advance's register can be obtained by calling our Contact Centre on **1800 819 935**.

## INVESTING IN THE FUND

### HOW TO INVEST

To invest in the Fund, complete the documents provided by the Advance Retirement Suite Trustee. You do not need to complete any of our forms. The Advance Retirement Suite Trustee will then apply to invest in the Fund on your behalf.

When the Advance Retirement Suite Trustee's application is accepted and we receive the corresponding monies, a number of units (in a class of units offered in the Fund you are investing in) will be allocated to the Advance Retirement Suite Trustee's account. The number of units is based on the amount of the investment, less any Contribution (or entry) fee payable to the Advance Retirement Suite Trustee and the current application unit price. The value of the investment at any time is calculated by multiplying the number of units held by the Advance Retirement Suite Trustee by the Fund's current withdrawal unit price.

<b>Value of the investment</b>	=	<b>Number of units held</b>	×	<b>Withdrawal unit price</b>
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### UNIT PRICES

The unit price for the Fund is determined each business day by dividing the net asset value of the assets held in the Fund by the number of units on issue (adjusted for any transaction costs). Unit prices are calculated to four decimal places. The daily unit price reflects changes in the value of underlying assets held in the Fund (and therefore may rise and fall), plus investment income, less Management costs and any taxes we are required to deduct. Underlying assets are valued at market prices.

Our Unit Pricing Discretion Policy sets out the discretion that Advance as responsible entity may exercise when calculating unit prices under the Fund's Constitution and how this discretion is exercised. You can obtain a copy of the Unit Pricing Discretion Policy free of charge by calling our Contact Centre on **1800 819 935**.

### HOW WE PROCESS TRANSACTIONS

Where we receive an application and corresponding monies or withdrawal request from the Advance Retirement Suite Trustee in our Perth office by noon (Perth time), the instruction will receive the unit price calculated for that day. Any discretion involved in applying the method for determining the unit price is

exercised in accordance with the Unit Pricing Discretion Policy.

Where our Perth office receives an application or withdrawal request after noon (Perth time) it will not be processed until the following business day and the unit price for that day will apply.

Advance may decline to accept all or part of an application without giving reason.

### DISTRIBUTIONS

The type of distribution received will depend on the performance of the Fund's underlying assets. Distributions could comprise:

- income (such as dividends and interest),
- realised capital gains from the sale of the Fund's underlying assets (including CGT concession amounts),
- tax credits (such as imputation credits attached to dividend income and credits for tax paid on foreign income),
- return of capital, and
- tax-deferred amounts (these amounts are generally subject to special taxation treatment).

The amount of income distributed is calculated according to the number of units held in the Fund as a proportion of the total number of units on issue in the Fund at the end of the distribution period, regardless of how long they have been held.

There may be times when the Fund does not generate enough income to pay a distribution.

Any realised capital gains are usually only distributed at the end of the financial year. Advance may use its discretion to distribute realised capital gains at the end of any distribution period.

In general, we pay distributions to the Advance Retirement Suite Trustee within 30 days of the end of the distribution period (refer to the Fund Profile on page 4 for details on the distribution period for the Fund).

### WITHDRAWALS

The Advance Retirement Suite Trustee can at any time request the withdrawal of any or all units by forwarding to Advance a written withdrawal request.

We generally pay withdrawals within five business days after we receive a written request in our Perth office, although the Constitution permits up to 60 days for the Fund.

We will deduct any taxes or duties or other applicable costs we are required to from the amount we pay the Advance Retirement Suite Trustee as required or permitted by Legislation.

We will divide the withdrawal amount by the current unit price on the day on which the withdrawal is processed to determine the number of units to be redeemed.

We have the right to withdraw all or part of the units from the Advance Retirement Suite Trustee's account at any time at our discretion, at the withdrawal unit price applicable on the day.

Advance may, at its absolute discretion and as permitted by Legislation, nominate any part of the withdrawal proceeds of any units to be taxable income,

where it is necessary to ensure that the taxable income of the Fund is distributed equitably amongst the unit holders in the Fund at the end of each distribution period and those who withdraw during that period. Advance expects to take this action only in unusual circumstances, such as significant withdrawals occurring in any single distribution period.

## **SUSPENSION OF WITHDRAWALS**

Under the Fund's Constitution, we may suspend withdrawals in unusual circumstances such as where it is impractical to process withdrawals (for example where financial markets are closed or their operation is significantly impacted) or where we consider it to be in the interests of all unit holders. The suspension period is at our discretion.

For withdrawals lodged during a suspension period, withdrawal values will be calculated and paid as if the withdrawal was lodged immediately after the end of the suspension.

## **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 borrowings are in turn secured against the Fund's 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 (see page 3).

## **WHEN DOES THE GEARING RATIO CHANGE**

Advance anticipates that the gearing ratio will be between 40.00% and 60.00%. We can change the gearing ratio by increasing or decreasing borrowings at any time. It will also change through market movements, applications and withdrawals.

If through market movements the gearing ratio exceeds 60.00%, we will take the ratio back to 60.00% or lower by selling Fund assets and repaying part of the borrowings.

Withdrawal requests may be suspended until the gearing ratio is brought back to 60.00% or such lower percentage as Advance determines.

## **TAXATION**

The following information is a general summary only in relation to Australian resident investors and is current as at the date of this PDS.

An Australian resident investor in a Fund is generally taxed on the following:

- distributions of income (including realised capital gains); and
- gains from disposal of units in the Fund.

Distributions of income comprising assessable amounts should be included in the unit holder's taxable income in the year to which the distribution relates. The tax payable will depend on the composition of the distribution.

Upon disposal of units, whether by withdrawal or transferring, the unit holder must include any realised capital gains or losses on the disposal of units in the calculation of their net capital gain for the year. This net capital gain should be included in the unit holder's assessable income.

We recommend you obtain financial or tax advice relevant to your particular circumstance before investing in this Fund.

## **TAX IMPLICATIONS OF GEARING**

By investing in the Fund you may benefit from the tax advantages of franking credits on dividend income derived from shares held in the Fund. You may also be liable for income tax and capital gains tax on distributions made to you.

As the borrowing costs are expected to be a significant proportion of the deductible expenses of the Fund, the Fund's taxable income may be lower than if the Fund did not borrow.

Where borrowing costs and other Fund expenses are excessive they may erode franked dividend income so that the Fund is unable to distribute any franking credits to unit holders. Advance monitors expected income with the objective of ensuring it is adequate to meet borrowing costs and Fund expenses.

To allow greater Fund operating efficiency, our management fee is paid to us in units in the Fund rather than in cash, which we intend to redeem soon after issue. This increases the Fund's distribution, and is offset by a decrease in the unit price as a result of the Fund issuing units to Advance.

## **ADDITIONAL INFORMATION**

### **OUR ROLE AS RESPONSIBLE ENTITY**

Advance is the Responsible Entity for the Fund. As the Responsible Entity, we are responsible for the day to day administration of the Fund and for ensuring it complies with its Constitution and the Legislation. This responsibility includes the establishment, implementation and monitoring of the Fund's investment objective and strategy.

## THE CONSTITUTION

The Fund is governed by a Constitution, which sets out rules covering:

- our powers, rights and duties as the Responsible Entity (including the right to fees, recovery of expenses and indemnification),
- our remuneration,
- unit holders' rights and obligations,
- liability of unit holders and the Responsible Entity,
- issue and redemption of units,
- distributions and distribution reinvestment,
- authorised investments of each Fund,
- how assets and liabilities of the Fund are valued,
- how the net asset value of the Fund is determined,
- how the Fund may be terminated, and
- how we may be removed or replaced as Responsible Entity.

We may vary the Constitution without unit holders' consent if we, as the Responsible Entity, reasonably believe that the variation will not adversely impact unit holders' rights. Otherwise we must obtain unit holders' approval in accordance with the Legislation. You can view a copy of the Constitution for the Fund at our registered office during business hours or we will provide you with a copy free of charge on request. For a copy please call our Contact Centre on **1800 819 935**.

## COOLING-OFF

As you are investing through the Advance Retirement Suite, you should consult the Advance Retirement Suite Trustee in relation to cooling-off rights that may apply to your investment in the Advance Retirement Suite.

## RIGHTS AS AN INVESTOR

The rights of a unit holder in the Fund are governed by the Constitution of the Fund and the Legislation. The Advance Retirement Suite Trustee has identical rights for each unit it holds in the Fund.

This includes the right to:

- receive distributions (where applicable),
- receive copies of accounts and other information for the Fund,
- attend and vote at unit holder meetings,
- receive a share of distributions if the Fund is terminated,
- transfer units to any other entity.

The Advance Retirement Suite Trustee does not have the right to participate in the management or operation of the Fund.

Under the Constitution, the Advance Retirement Suite Trustee's liability is limited to the amount invested in the Fund. You should be aware that the effectiveness of such a limitation is yet to be conclusively determined by the courts.

## OUR RELATIONSHIP WITH ST.GEORGE BANK

Advance is a wholly owned subsidiary of St.George Bank. St.George Bank provides certain advisory and administrative services to us. We may also place the Fund's cash on deposit with St.George Bank.

Asgard Capital Management Limited (Asgard)

ABN 92 009 279 592 AFSL 240695, a subsidiary of St.George Bank, provides administrative services to us such as registry and unit holder reporting. Any fees we pay to St.George Bank or Asgard are paid by us out of our Management fee and are not an additional charge to you.

## INTERFUNDING AND RELATED PARTIES

The Fund may acquire investments directly or may invest in other funds, including any Fund we manage. Member companies of the St. George Group, their employees, and any other fund we manage may invest in the Funds.

St. George or other related parties of Advance have arranged borrowing facilities for the Advance Australian Geared Equity Fund and currently receive payment for this. They may also from time to time be paid by the Advance Australian Geared Equity Fund for arranging borrowing facilities on behalf of the Fund or for making loans to the Fund. These amounts will be payable on arms length commercial terms and will be paid by the Fund.

## CONTINUOUS DISCLOSURE

The Fund offered in this PDS may be subject to certain regular reporting and disclosure requirements under Legislation.

You can obtain the following information or documents from us:

- the most recent annual financial report lodged with ASIC for the Fund,
- any half year financial reports lodged with ASIC for the Fund after the lodgement of the above annual financial report and before the date of this PDS, and
- any continuous disclosure notices provided by us for the Fund.

You can inspect or obtain copies of the documents lodged with ASIC in relation to the Fund from any ASIC office. We can also send you copies of these documents (free of charge) if requested.

## COMPLAINT RESOLUTION

As you are investing through the Advance Retirement Suite, you should consult the Advance Retirement Suite Trustee if you have a complaint about your investment. If the issue remains unresolved you should contact the complaints scheme of which the Advance Retirement Suite Trustee is a member.

## PRIVACY

As you are investing through the Advance Retirement Suite, we will not receive or hold any personal information about you. Please contact the Advance Retirement Suite Trustee for details on how your personal information is dealt with.

If we do receive any personal information we will deal with it in accordance with our Privacy Policy available on [advance.com.au](http://advance.com.au), by calling our Contact Centre on **1800 819 935** or by written or faxed request. Our contact details are set out on the back cover of this PDS.

## HOW TO FIND UPDATED INFORMATION

Information in this PDS about the Fund may change from time to time and, if not materially adverse, will be updated and made available on **advance.com.au**, by calling our Contact Centre on **1800 819 935**, faxing us on 08 9481 4318, or writing to us at:

**Advance Asset Management Limited**  
**PO Box B87**  
**Perth WA 6838**

### DIRECTORY

**Contact Centre:** 1800 819 935  
Advance Asset Management  
PO Box B87  
Perth WA 6838  
Fax: 08 9481 4318

**Adviser Services:** 1300 361 864  
**Website:** [advance.com.au](http://advance.com.au)

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