

# Advance Mortgage Fund

Lower than usual September 2011 distribution (paid in October)

14 October 2011

Fund distributions are paid from the monthly interest received from mortgage borrowers minus the monthly running costs of the Fund. Currently, the Fund holds a mortgage which is in default and the Fund is a mortgagee in possession of this property.

The property was marketed for sale and contracts have been exchanged. It is expected that settlement will take place at the end of October 2011. It is estimated that the net sale proceeds will not sufficiently cover the loan amount and so this loss has been written off against the income of the Fund.

A portion of the loss was written off against the interest received for August and a further amount has been written off against interest received for September resulting in a lower distribution payment for all unit holders.

Currently there were no other mortgages in default.

Annualised monthly returns for the 12 months to September 2011 are as follows.

	Retail Units	Wholesale Units
Sep-11	2.15%	2.79%
Aug-11	3.68%	4.32%
Jul-11	7.08%	7.74%
Jun-11	7.07%	7.74%
May-11	6.97%	7.63%
Apr-11	6.89%	7.56%
Mar-11	7.60%	8.27%
Feb-11	4.25%	4.90%
Jan-11	5.20%	5.85%
Dec-10	5.23%	5.88%
Nov-10	5.29%	5.94%
Oct-10	4.08%	4.72%

The distribution rate for August and September dropped, reflecting the impact of the write down for the loan in default. However, we expect the October distribution rate to be similar to that previously received prior to this write down.

**If you require any further information, we strongly recommend you contact your financial adviser or call our Contact Centre on 1800 819 935.**

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**Important information**

This information is of a general nature only and has been prepared without taking into account the objectives, financial situation, tax position or needs of any particular person. It is not intended to constitute investment, legal or taxation advice and should not be considered or relied upon as a comprehensive statement on any such matter. You should consider whether the information should be discussed with your accountant or tax adviser and consult with your financial adviser before making an investment decision. The Advance Funds (Funds) are issued by Advance Asset Management Limited ABN 98 002 538 329 AFSL No. 240902. Before deciding whether to acquire or to continue to hold an investment in a Fund, investors should obtain and consider the Product Disclosure Statement for the Fund, available from Advance at [www.advance.com.au](http://www.advance.com.au) or by calling 1800 819 935.

The logo for ADVANCE, featuring the word "ADVANCE" in a bold, black, sans-serif font. A red horizontal line is drawn across the middle of the letters, starting from the left edge of the 'A' and ending at the right edge of the 'E'.

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