

ADVANCE DEFENSIVE MULTI-BLEND FUND

As at 31 December 2020

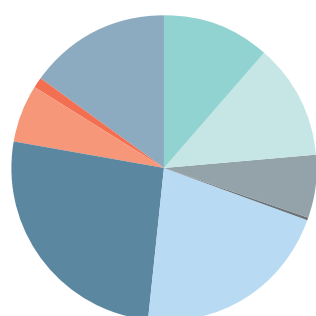
FUND OVERVIEW

	Wholesale	Retail
Inception date	30 September 1998	May 1992
APIR code	ADV0049AU	ADV0022AU
Fund size (AUD millions)	\$526.27	
Investment objective	To provide income with a low risk of capital loss over the short to medium term, with some capital growth over the long term.	
Recommended investment timeframe	3 years	
Minimum initial investment	\$5,000	Closed to new investors
Distribution frequency	Monthly	
Management costs (%) pa ¹	0.60	1.19
Buy/sell spread (%)	0.10 / 0.15	0.00 / 0.00

PERFORMANCE REVIEW²

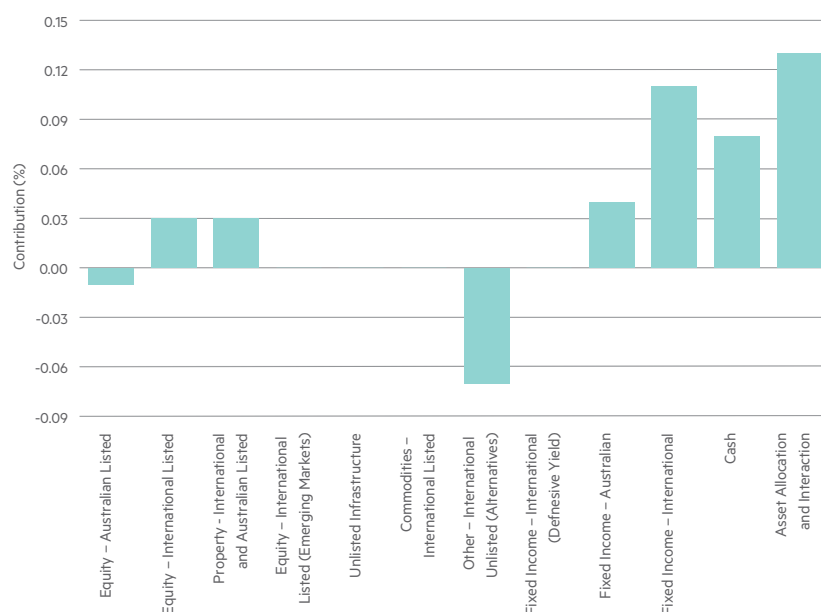
	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since Inception % pa
Total Net return	0.60	3.90	2.37	4.27	4.61	5.56
Growth return	0.32	3.41	(2.68)	0.17	(0.39)	(0.09)
Distribution return	0.28	0.49	5.05	4.10	5.01	5.65

ACTUAL ASSET ALLOCATION³



Equity – Australian Listed	11.66%
Equity – International Listed (Incl. Emerging Markets)	11.98%
Property – International and Australian Listed	6.85%
Unlisted Infrastructure	0.08%
Fixed Income – Australian	21.32%
Fixed Income – International	26.03%
Other – Defensive and Growth Alternatives	6.03%
Commodities – International Listed	1.10%
Cash	14.94%

CONTRIBUTION TO EXCESS RETURN⁴



FUND UPDATE

The Advance Defensive Multi-Blend Fund produced a positive return over the December quarter, resulting in a positive 12 month performance.

The December quarter started with investor optimism as markets climbed higher during early October. However, investor sentiment soured mid-month as uncertainty over the US election and climbing COVID-19 cases reversed much of the gains. The Nov 3 US election coupled with approvals for a series of vaccinations resulted in strong equity returns during November that persisted into December, despite being softened by further lockdowns and increasing case rates into the western holiday period.

The domestic equity market, as represented by the S&P/ASX 300 Accumulation Index, was the stand out performer over the quarter, returning 13.8%, thanks in part to the Australian response to the pandemic and the additional monetary stimulus the RBA has been able to deliver through rate cuts. Global developed equities, as measured by the MSCI World ex Australia Net Return AUD Hedged Index, returned 11.7% over the quarter vs. a 5.7% increase in the unhedged index. The Australian Dollar appreciated against its developed market peers due to continuing global risk-on sentiment, ending the quarter buying 76.9c USD, up from 71.6c at the start of the quarter. Emerging markets measured by the MSCI Emerging Markets AUD Index returned 11.2%.

The domestic and international listed property sectors returned strongly over the quarter. The domestic listed property sector returned 13.2% but global listed property lagged, returning 10.6%, as measured by the S&P/ASX 300 A-REIT Index and the FTSE EPRA/NAREIT Developed AUD Hedged Net Total Return Index respectively.

Global bond yields reached record lows during the COVID-19 pandemic but increased during the December 2020 quarter. Domestic yields, as measured by the Australian 10 year government bond yield rose 18bps, leaving yields at 97bps, compared to 137bps 12 months prior. International yields followed a similar path, with US 10 year yields rising 23bps. A further tightening in credit spreads helped to offset some of the rise in yields, resulting in a -0.1% return for the Bloomberg Ausbond Composite 0+ Yr Index. International fixed interest markets, as measured by the Bloomberg Barclays Global-Aggregate Total Return AUD Hedged index returned 0.8%.

Over the quarter funds with higher allocations to growth assets outperformed those with a higher allocation to defensive assets, due to equity markets outperforming fixed interest assets.

ASSET ALLOCATION RANGES

Asset class	Investment managers	SAA Ranges %
Equity – Australian	BlackRock; FIL Limited; First Sentier Investors Realindex; Nikko AM; Pental; Platypus; Solaris; Vinva	0 – 31
Equity – International	AQR; Ardevora; BlackRock; First Sentier Investors Realindex; Pental; River & Mercantile; T.Rowe Price; Wellington	0 – 31
Property – Australian and International Listed	BlackRock; Heitman; Principal	0 – 20
Unlisted Infrastructure	First Sentier Investors	0 – 17
Fixed Income – Australian	AMP; Janus Henderson; Pental	2 – 42
Fixed Income – International	Kapstream; Mellon; PIMCO; Wellington; Western Asset; TCW; TwentyFour	7 – 47
Other – Defensive and Growth Alternatives	Angelo, Gordon & Co.; BlackRock; CVC Credit Partners; ICG; PIMCO; RV Capital; Wellington;	0 – 22
Commodities – International Listed	Janus Henderson	0 – 6
Cash	BlackRock; Pental	0 – 34

- 1 The Management Costs included in this fact sheet are inclusive of the Management Fee and any Performance Fees and includes the effect of GST (net of RITC). They do not include other indirect costs. Refer to the Product Disclosure Statement and online disclosures for further information.
- 2 Past performance is not a reliable indicator of future performance. 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. Growth and Distribution returns may not equal the Total Net return due to rounding.
- 3 Allocations may not equal 100% due to rounding.
- 4 The Contribution to Excess Return is calculated using Gross performance

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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') for Wholesale investors 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 Retail Fund is closed to new investors. The Financial Services Guide ('FSG') for Advance can be obtained via www.advance.com.au.

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