

A month at a time

Advance Multi-Blend Funds

February 2013

Market update

Global equity markets

Price action remained choppy with concerns stemming the Italian elections. US equities gained 1.1%, slightly underperforming global equities (MSCI World, 1.3%). Japanese equities outperformed most developed markets, gaining 3.8% as speculation of further policy support was driven by the formal announcement of nominations for the Bank of Japan leadership to be Huruhiro Kuroda, a pro 'reflation' advocate and more likely to support the government's growth policies. Italian equities were the worst performing developed market over the month declining 8.7% following the uncertain election result. This led to Europe being the worst performing region falling by 2.6% for the month whereas emerging markets declined only 1.1%.

The S&P/ASX 300 Accumulation Index returned a robust 5.3%, the best performing equity market in February. The Resource sector (+0.4%) underperformed the market ex resources (+6.9%) due largely to a disappointing reporting season and declining sentiment driven by lower estimates for future CAPEX by the Australian Bureau of Statistics. This dynamic was also seen in small caps with Small Resources declining 7.1%, significantly underperforming Small Industrials, +4.4%. Post reporting season, the markets outlook for company earnings continues to be subdued with earnings growth for FY13 forecast to decline 2.15% p.a. with resource EPS declining 18.7%. In contrast, Industrial earnings are expected to gain 6.7% for the year through to June 2013.

Cash and fixed interest

The uncertainty caused by the Italian elections aided the safe haven markets of UK Gilts and German Bunds in February. Italian yields moved sharply higher peaking at 4.9% as it became clear that the electorate had roundly rejected austerity and that no single political party gained overall majority. 10yr German bund yields fell steadily during February, to end the month 23bps lower at 1.45%. Declines in UK Gilts were less pronounced with the 10yr yield falling 13bps and the 3yr falling 18bps. US 10yr Treasury yields moved 106 basis points lower to finish the month at 1.88%. Corporate bond returns were mixed but generally positive for the month. In European credit, demand for French and German corporates amid the flight to perceived

quality led to strong gains in the consumer sector. Gains were seen across the credit quality spectrum with Europe performing slightly better than the US.

Commodities, currency and alternatives

Commodities suffered in February, with oil, gold, silver and copper down while the US dollar ended the month as one of the best performing currencies. The AUD declined 2% while the EUR fell 3.8% against the USD. Speculative talk of further monetary policy easing and weak economic data caused the Sterling to fall 4.4% against the USD for the month. Asian currencies were broadly in line with the USD for the month.

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Funds update

- All five of the Advance Diversified Multi-Blend Funds performed in line with their respective benchmarks over the month.
- Both manager selection and active asset allocation positively contributed slightly to performance over the month. Active asset allocation was the major contributing factor to performance at the same time that Australian Shares and Commodities outperformed their respective benchmarks.
- The Australian Shares Multi-Blend Fund outperformed its benchmark having returned 5.46% against a 5.29% return for the benchmark. The Fund's exposure to the Advance Australian Small Companies Multi-Blend Fund detracted from the overall performance having returned 1.64% although it managed to outperform its benchmark return of 0.87%.
- The International Shares Multi-Blend Fund underperformed its benchmark having returned 1.36% against 1.90% for the benchmark. Managers AQR and MFS outperformed their benchmarks while Tradewinds, Trilogy and Schroders underperformed their respective benchmark.
- The Property Securities Multi-Blend Fund underperformed its benchmark having returned 1.79% against a 2.28% return for the benchmark.
- The Australian Fixed Interest Multi-Blend Fund outperformed, returning 0.64% against 0.59% for the benchmark. Managers Perennial, Aberdeen and AMP all outperformed the benchmark return.
- The International Fixed Interest Multi-Blend Fund slightly underperformed, returning 0.78% against a benchmark return of 0.83%. Managers Wellington and Franklin Templeton Multi-Strategy outperformed their respective benchmarks whereas Standish Mellon slightly underperformed.
- The commodities benchmark returned -4.25% in February, with the underlying manager outperforming having returned -4.08%.
- The Alternative Strategies Multi-Blend Fund slightly underperformed its cash benchmark having returned 0.18% against 0.22% for the benchmark.

Performance to 28/02/2013 (after fees)	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs %	5 yrs %	Inception %
Diversified Funds							
Defensive Multi-Blend	0.92%	3.31%	5.70%	9.15%	7.26%	6.01%	-
Moderate Multi-Blend	1.43%	5.26%	8.18%	11.43%	7.73%	5.27%	-
Balanced Multi-Blend	1.88%	7.14%	10.42%	13.04%	7.70%	3.88%	-
Growth Multi-Blend	2.17%	8.40%	11.91%	13.95%	7.47%	2.59%	-
High Growth Multi-Blend	2.45%	9.64%	13.29%	14.46%	7.07%	1.43%	-
Sector Funds							
Australian Shares Multi-Blend	5.46%	15.29%	20.58%	20.81%	6.71%	2.51%	-
Benchmark	5.29%	14.22%	20.59%	23.38%	7.84%	2.75%	-
Australian Sm Cos Multi-Blend	1.64%	10.20%	12.55%	2.09%	7.03%	-0.91%	-
Benchmark	0.87%	8.50%	11.93%	-2.40%	2.60%	-3.77%	-
Intl Shares Multi-Blend	1.36%	9.08%	12.00%	13.18%	4.91%	-0.82%	-
Benchmark	1.90%	9.07%	11.54%	16.47%	4.92%	-0.38%	-
Australian Fxd Int Multi-Blend	0.64%	0.81%	2.27%	8.13%	7.15%	7.62%	-
Benchmark	0.59%	0.55%	1.55%	8.18%	7.82%	8.21%	-
Intl Fxd Int Multi-Blend	0.78%	1.80%	5.15%	10.87%	9.78%	10.73%	-
Benchmark	0.83%	0.87%	2.89%	8.04%	9.24%	8.93%	-
Property Securities Multi-Blend	1.79%	10.03%	14.73%	27.59%	15.46%	1.11%	-
Benchmark	2.28%	10.65%	15.72%	27.77%	16.37%	1.18%	-
Alternative Strategies Multi-Blend	0.18%	1.65%	2.42%	3.59%	-	-	2.11%
Benchmark	0.22%	0.78%	1.66%	3.73%	-	-	4.22%
Asian Shares Multi-Blend Fund	2.19%	7.41%	17.17%	9.14%	0.21%	-2.87%	-
Benchmark	1.77%	6.72%	15.97%	11.70%	4.42%	0.19%	-
Cash Multi-Blend Fund	0.29%	0.94%	2.00%	4.30%	4.61%	-	-
Benchmark	0.22%	0.78%	1.66%	3.73%	4.47%	-	-

The Fund performance shown above is wholesale performance, calculated using withdrawal values and assumes income is reinvested. Annual management fees and expenses have been taken into account, however, no allowance has been made for entry fees, tax or any rebates that may be given. Past performance is not a reliable indicator of future performance. For retail performance and details of the Funds' benchmarks, please visit advance.com.au. This information is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of any particular person. Before acting on it, a person should consider its appropriateness having regard to these factors. Advance Asset Management Limited ABN 98 002 538 329 AFSL No.240902 (Advance) is the issuer of the Advance Multi-Blend Funds. Before deciding whether to invest in a Fund, investors should consider the Product Disclosure Statement for the Fund, available at www.advance.com.au. Advance is a member of the Westpac Group. An investment in a Fund does not represent an investment in, deposit with or other liability of Westpac Banking Corporation ABN 33 007 457 141 or any other member of the Westpac Group. Subject to any terms implied by statute which cannot be excluded, no member of the Westpac Group nor its directors, employees and associates accept any responsibility for errors in, or omissions from the information.