

A month at a time

Advance Multi-Blend Funds

April 2013

Market update

Global equity markets

Spanish, Italian and Japanese equities, which all advanced more than +6.0%, drove markets higher in April while Emerging Markets were weaker amidst declines in commodities, Chinese growth concerns and risks of military confrontation between North and South Korea. Despite the first half weakness, global equities rallied into month-end as market sentiment grinded higher. The S&P 500 posted a new record high at 1,598 amidst an earnings season which was better than expected. US companies continued to deliver on bottom-line earnings growth expectations, although these were revised downwards significantly.

The S&P/ASX 300 Accumulation Index rose 4.3%, outperforming most developed equity markets for the month. The market ex Resources (+6.6%) continues to outperform Resources (-4.2%), with this divergence exaggerated in the small cap space - Small Resources declined 20.4% for the month while Small Industrials were flat on the month (+0.8%). Yield remains a significant performer domestically with the Banking sector up 9.7% in April while Materials declined 4.4%. The performance differential year to date demonstrates the narrowness of outperformers; Banks have outperformed Materials by 37%.

Cash and fixed interest

Fixed income markets generally underperformed equities for April although still managed a positive absolute return. Domestic bonds rallied 1.6% versus Global 1.3%. Emerging Market debt and European Investment Grade led the local currency bond universe returns for the month. Gilts and Bunds outperformed US Treasuries as yields and credit spreads across regions generally narrowed, while Australian 10 year bonds rallied 0.31% in yield (closing at 3.09%) as markets priced in additional interest rate cut expectations (RBA cutting 0.25% in May to a record low 2.75%). Lower rated credit outperformed across both US and European markets with investors seeking higher yields amongst depressed sovereign yields.

Commodities, currency and alternatives

Commodities declined across the board and as a result the AUD struggled versus the USD (-0.5%). All commodity sectors declined, precious metals the worst performing sector (-8.7%) as a result of declines in the gold price which recovered from its mid-month declines to finish down 7.7%. Silver fell 14.8%. The Yen depreciated further (-3.3% versus USD) after revitalised commitments from the BoJ although the currency has found strong resistance near the psychological 100 Yen/USD barrier.

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Funds update

- The Advance Defensive Diversified Multi-Blend Fund outperformed its benchmark over the month while the Moderate, Balanced, Growth and High Growth Advance Diversified Multi-Blend Funds slightly underperformed their respective benchmarks.
- Active asset allocation tilting was a slight positive contributing factor to the performance over the month, while manager selection was the main detractor, with Australian and International Shares underperforming their respective benchmarks.
- The Australian Shares Multi-Blend Fund underperformed its benchmark having returned 3.74% against a 4.30% return for the benchmark. The Fund's exposure to the Advance Australian Small Companies Multi-Blend Fund detracted from the overall performance having returned -3.68% although it managed to outperform its benchmark return of -4.65%.
- The International Shares Multi-Blend Fund underperformed its benchmark having returned 2.79% against 3.54% for the benchmark. Managers Tradewinds, Schroders, Boston Core, AQR and MFS underperformed their respective benchmarks.
- The Property Securities Multi-Blend Fund underperformed its benchmark having returned 7.54% against a 7.81% return for the benchmark.
- The Australian Fixed Interest Multi-Blend Fund outperformed, returning 1.58% against 1.54% for the benchmark. Managers Aberdeen and AMP outperformed the benchmark return.
- The International Fixed Interest Multi-Blend Fund outperformed, returning 1.81% against a benchmark return of 1.33%. Managers Wellington, Standish and Franklin Templeton Multi-Strategy all outperformed their respective benchmarks.
- The commodities benchmark returned -4.53% in April, with the underlying manager outperforming the benchmark and returning -4.29%.
- The Alternative Strategies Multi-Blend Fund marginally outperformed its cash benchmark having returned 0.29% against 0.26% for the benchmark.

Performance to 30/04/2013 (after fees)	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs %	5 yrs %	Inception %
Diversified Funds							
Defensive Multi-Blend	1.47%	2.48%	5.47%	9.34%	7.01%	6.07%	-
Moderate Multi-Blend	1.96%	3.38%	7.89%	11.69%	7.37%	5.36%	-
Balanced Multi-Blend	2.34%	4.08%	10.09%	13.43%	7.21%	3.97%	-
Growth Multi-Blend	2.58%	4.52%	11.53%	14.41%	6.88%	2.67%	-
High Growth Multi-Blend	2.64%	4.77%	12.72%	14.88%	6.40%	1.49%	-
Sector Funds							
Australian Shares Multi-Blend	3.74%	7.57%	17.80%	19.99%	5.91%	2.88%	-
Benchmark	4.30%	7.34%	16.90%	22.67%	7.01%	2.92%	-
Australian Sm Cos Multi-Blend	-3.68%	-5.01%	0.33%	-5.44%	2.25%	-1.58%	-
Benchmark	-4.65%	-7.02%	-2.42%	-9.36%	-2.33%	-5.06%	-
Intl Shares Multi-Blend	2.79%	4.14%	12.40%	14.57%	5.24%	-0.81%	-
Benchmark	3.54%	6.15%	14.38%	16.70%	5.62%	-0.32%	-
Australian Fxd Int Multi-Blend	1.58%	2.01%	2.21%	7.34%	7.56%	7.63%	-
Benchmark	1.54%	1.94%	1.90%	6.99%	8.31%	8.15%	-
Intl Fxd Int Multi-Blend	1.81%	3.07%	5.18%	11.97%	9.72%	11.20%	-
Benchmark	1.33%	2.93%	3.73%	9.03%	9.46%	9.34%	-
Property Securities Multi-Blend	7.54%	10.50%	20.58%	32.09%	16.15%	1.87%	-
Benchmark	7.81%	11.69%	21.75%	33.39%	17.15%	1.83%	-
Alternative Strategies Multi-Blend	0.29%	0.94%	2.99%	4.08%	-	-	2.32%
Benchmark	0.26%	0.73%	1.55%	3.46%	-	-	4.13%
Asian Shares Multi-Blend Fund	3.00%	1.46%	9.49%	7.10%	-1.90%	-3.59%	-
Benchmark	2.20%	0.11%	7.23%	9.26%	2.08%	-0.29%	-
Cash Multi-Blend Fund	0.30%	0.91%	1.88%	4.13%	4.54%	-	-
Benchmark	0.26%	0.73%	1.55%	3.46%	4.42%	-	-

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 www.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.