

# Multi-Blend Funds

December 2013

## 1. Market Update

### 1.1 Australia

GDP growth for the 12 months ending September 2013 was 2.6%. The Federal Treasury revised the anticipated 3% economic growth outlook for 2014 down to 2.5% and their assessment now reveals a “substantial deterioration in the domestic outlook” and a more significant fall predicted for mining investment.

### 1.2 Global

#### United States

GDP growth for the 12 months ending September 2013 was 1.95%. The final revision to the US September quarter GDP report showed stronger growth at 4.1% annualised, a notable increase and the strongest expansion rate in two years. Consumer spending also showed solid growth for the year and business investment was revised higher to begin to show consistent momentum.

#### Japan

GDP growth for the 12 months ending September 2013 was 0.85%. The most recent quarter showed a slowing from the initial burst of growth when Shinzo Abe came to power in December 2012 and introduced his three-pronged economic stimulus initiative, ‘Abenomics’.

#### Eurozone

GDP growth for the 12 months ending September 2013 declined 0.78%. The Eurozone’s mid-December Industrial Production report was anticipated to contain payback from September’s contraction and the forecast estimate of a 0.3 per cent bounce back over October was consistent with expectations of a gradually strengthening of the currency bloc into 2014.

#### United Kingdom

GDP growth for the 12 months ending September 2013 was 1.20%. The three latest surveys covering manufacturing, construction and services have been robust. More significantly, the UK Office for Budgetary Responsibility is about to upgrade its forecast of GDP growth for 2013 from 0.6 per cent to 1.4 per cent and from 1.8 per cent to 2.4 per cent for 2014.

#### China

GDP growth for the 12 months ending September 2013 was 7.68%. Consumer prices in China increased by just 3% in November (down on October’s 3.2% increase) and there is a strong possibility that the Government’s 3.5% inflation target may come under renewed pressure in 2014. Leaders have pledged to give market forces a “decisive role” in setting resources prices.

## 2. Funds Update

Performance to 31/12/13 (after fees)*	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%)	5 years (%)	Inception %
<b>Diversified Funds</b>							
Defensive Multi-Blend	0.61	1.42	3.02	5.16	5.99	7.51	6.15
Moderate Multi-Blend	0.96	2.33	5.31	9.50	7.19	8.92	6.82
Balanced Multi-Blend	1.29	3.45	7.73	14.56	8.16	10.00	6.06
Growth Multi-Blend	1.52	4.09	9.26	17.79	8.55	10.46	6.52
High Growth Multi-Blend	1.79	5.11	11.57	22.47	9.26	10.94	6.70
<b>Sector Funds</b>							
Australian Shares Multi-Blend	1.15	3.51	15.39	22.97	8.45	11.70	8.55
Benchmark	0.82	3.37	13.99	19.68	8.46	12.27	8.95
Australian Sm Cos Multi-Blend	1.01	-0.25	19.18	4.13	-0.03	10.73	4.88
Benchmark	2.55	-0.15	14.71	-0.76	-5.98	8.14	3.18
Intl Shares Multi-Blend	3.89	11.94	19.22	44.51	15.25	11.48	1.13
Benchmark	4.44	13.20	19.73	48.03	16.95	11.25	3.26
Australian Fxd Int Multi-Blend	0.66	0.55	1.81	2.59	6.36	6.01	5.74
Benchmark	0.53	0.37	1.41	1.99	6.95	5.70	6.31
Intl Fxd Int Multi-Blend	0.44	1.80	2.60	2.03	7.67	9.18	7.98
Benchmark	-0.36	0.80	2.25	2.27	7.42	7.91	7.73
Property Securities Multi-Blend	0.51	1.15	2.71	9.36	11.81	13.74	4.58
Benchmark	0.25	0.54	1.86	9.38	12.12	13.96	5.22
Alternative Strategies Multi-Blend	0.67	2.17	3.05	5.03			3.22
Benchmark	0.21	0.65	1.35	2.87			3.78
Asian Shares Multi-Blend Fund	0.90	7.78	10.75	19.67	1.26	5.15	4.75
Benchmark	1.03	8.08	11.86	19.61	6.12	10.84	8.80
Cash Multi-Blend Fund	0.24	0.74	1.54	3.31	4.24		
Benchmark	0.21	0.65	1.35	2.87	3.94		

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](http://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](http://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.

- 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.

Money Magazine Best of the Best Award 2013 & 2014 - Best Multi Sector Fund



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