

# ADVANCE ASIAN SHARES MULTI-BLEND FUND

As at 31 December 2018

| FUND PERFORMANCE*          | 3 months (%) | 1 year (%) | 2 years (% pa) | 3 years (% pa) | 5 years (% pa) |
|----------------------------|--------------|------------|----------------|----------------|----------------|
| <b>Growth return</b>       | (5.57)       | (21.74)    | (1.05)         | 1.27           | 1.04           |
| <b>Distribution return</b> | 0.00         | 14.45      | 14.41          | 10.03          | 9.81           |
| <b>Total return</b>        | (5.57)       | (7.29)     | 13.35          | 11.30          | 10.85          |
| <b>Benchmark return</b>    | (6.12)       | (4.87)     | 11.72          | 9.76           | 9.13           |

Inception date: 31 May 2004  
MSCI AC Asia ex-Japan Index in AUD

## FUND UPDATE

The Advance Asian Equities MultiBlend Fund outperformed the MSCI All Country Asia ex-Japan Index over the December quarter.

Over the quarter, relative underlying manager performance was positive with both Wellington and TT International outperforming benchmark. Wellington's relative outperformance was attributable to both positive stock selection and sector allocation decisions particularly in the Financials and Communication Services sector. From a country perspective, positive stock selection in India assisted Wellington's relative performance outcome. TT International's relative outperformance was driven by country allocation with India the largest positive contributor. At a sector level Industrials and Real Estate were the largest positive contributors whilst Communication Services and Financials detracted from relative returns.

At the Fund level, positive stock selection within Property Trusts and Industrial sectors contributed positively to relative performance. On a country basis, an overweight allocation and positive stock selection in India was the major positive contributor to relative performance. An underweight allocation and positive stock selection in Taiwan was the next largest contributor. The largest positive relative contributing stocks over the quarter include Longfor Group Holdings Ltd, Hon Hai Precision Industry and ICICI Bank.

Poor stock selection within Hong Kong was a key detractor this quarter. The portfolio position in Communication Services, Utilities and Consumer Staples were the largest drags to relative performance over the December quarter. From an individual stock perspective China New Higher Education Group, SINA Corp and China Pacific Insurance detracted from performance.

ACTUAL ASSET  
ALLOCATION BY  
SECTOR~

|                             | Fund (%)      | Benchmark (%) |
|-----------------------------|---------------|---------------|
| Energy                      | 1.78          | 4.68          |
| Materials                   | 3.30          | 4.87          |
| Industrials                 | 9.11          | 6.98          |
| Consumer Discretionary      | 13.71         | 12.10         |
| Consumer Staples            | 9.28          | 5.15          |
| Health Care                 | 1.59          | 3.03          |
| Information Technology      | 16.53         | 16.44         |
| Telecommunication Services  | 8.33          | 12.86         |
| Utilities                   | 1.02          | 3.46          |
| Property Trusts             | 6.29          | 6.23          |
| Financial-x-Property Trusts | 25.43         | 24.19         |
| Derivatives & Other         | 0.78          | 0.00          |
| Cash                        | 2.84          | 0.00          |
| <b>Total</b>                | <b>100.00</b> | <b>100.00</b> |

ACTUAL ASSET  
ALLOCATION BY  
COUNTRY~

|                                     | Fund (%)      | Benchmark (%) |
|-------------------------------------|---------------|---------------|
| China                               | 35.58         | 34.95         |
| Hong Kong                           | 7.44          | 11.67         |
| India                               | 17.58         | 10.80         |
| Indonesia                           | 2.73          | 2.66          |
| Korea                               | 14.28         | 15.84         |
| Malaysia                            | 1.50          | 2.80          |
| Philippines                         | 3.17          | 1.28          |
| Singapore                           | 1.78          | 4.08          |
| Taiwan                              | 8.72          | 13.09         |
| Thailand                            | 0.81          | 2.79          |
| Vietnam                             | 5.79          | 0.04          |
| Cash, Currency, Derivatives & Other | 35.58         | 34.95         |
| <b>Total</b>                        | <b>100.00</b> | <b>100.00</b> |

## MARKET COMMENTARY

The final quarter for the 2018 calendar year was particularly difficult for global equities and by the end of December, the MSCI World ex-Australia (Net Dividends) Index had fallen -11.1% in AUD terms. Emerging markets fared a little better over the period relative to developed markets with the MSCI Emerging Markets (Net Dividends) Index down -4.9% in AUD terms in Q4. The most recent equity sell-off was a result of rising concerns about a slowdown in global growth, deflationary risks, ongoing concerns around Brexit, Italy's fiscal situation and the US-China trade war.

Asian equities also outperformed the broader global equity market, declining less than developed market equities. This was partially due to a recovery in sentiment following the positive commentary that came out of the G-20 meeting in Buenos Aires. The MSCI All Country Asia ex-Japan (Net Dividends) Index in AUD returned -6.1% for the December quarter.

Indian equities were particularly strong over the quarter, managing to outperform despite the unexpected resignation of the central bank governor and losses of the incumbent ruling government across three state elections ahead of the general election this year. Taiwan and Korea were amongst the worst performing countries during the period.

## TOP 10 HOLDINGS

|  | Fund (%) | Benchmark (%) |
|--|----------|---------------|
| Alibaba Group Holding Ltd.                       | 5.96     | 4.25          |
| Samsung Electronics Co., Ltd.                    | 5.85     | 4.58          |
| Tencent Holdings Ltd.                            | 3.76     | 5.48          |
| Taiwan Semiconductor Manufacturing Co., Ltd.     | 2.98     | 4.32          |
| AIA Group Limited                                | 2.56     | 2.40          |
| Ping An Insurance (Group) Company of China, Ltd. | 2.49     | 1.13          |
| China Construction Bank Corporation              | 2.17     | 1.90          |
| China Pacific Insurance (Group) Co., Ltd.        | 1.93     | 0.21          |
| Prudential Plc                                   | 1.77     | 0.00          |
| Hana Financial Group Inc.                        | 1.76     | 0.23          |

## INVESTMENT OBJECTIVE

To provide investors with a total return (before fees and taxes) that outperforms the benchmark over periods of five years or longer.

## BENEFITS OF INVESTING IN THE FUND

The Advance Asian Shares Multi-Blend Fund is ideal for investors seeking to benefit from manager and strategy diversification through a multi-manager approach using Asian-based investment managers. A multi-manager structure is ideally suited to managing the higher market volatility and style-biased investment manager universe within the Asian region.

## KEY FEATURES

|   | Wholesale                                  | Retail                                     |                |
|---|--|--|----------------|
| Total assets (AUD millions)   | \$248.67                                   |  |                |
| Date established  | May 2004                                   | May 2004                                   | C              |
| Distribution frequency  | Annually                                   | Annually                                   |                |
| Minimum investment <sup>1</sup>   | \$5,000 (\$1,500 for Regular Savings Plan) | \$1,500 (\$1,000 for Regular Savings Plan) | \$5,000<br>Reg |
| Minimum withdrawal  | \$1,500                                    | \$500                                      |                |
| Withdrawal period   | 5 business days                            | 5 business days                            | 10 b           |
| Entry fee <sup>2</sup>  | Nil  | 4.10% maximum                              |                |
| Management costs <sup>2,3</sup>   | 1.25/1.25                                  | 1.25/1.25                                  |                |
| Regular Savings Plan <sup>1</sup>   | Yes  | Yes  |                |
| Regular Withdrawal Plan <sup>1</sup>  | Yes  | Yes  |                |
| Distribution reinvestment   | Yes  | Yes  |                |
| Buy/sell spread (%) <sup>3</sup>  | 0.45/ 0.45                                 | 0.45/ 0.45                                 |                |
| Exit fee  | Nil  | Nil  |                |
| <sup>1</sup> Refer to the Product Disclosure Statement for further information.<br><sup>2</sup> Includes the effect of GST (net of RITC).<br><sup>3</sup> The Management Costs and buy-sell spread included in this fact sheet do not include the impact of RG 97 enhanced fees and costs disclosures and you should refer to the Product Disclosure Statement for further information. |  |  |                |

- \* 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](http://advance.com.au)
- ~ Allocations may not equal 100% due to rounding.

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**ADVANCE**  
ASSET MANAGEMENT

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