

# ADVANCE ASIAN SHARES MULTI-BLEND FUND

As at 30 September 2018

FUND PERFORMANCE*	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
<b>Growth return</b>	(2.83)	(9.31)	0.93	3.85	3.75
<b>Distribution return</b>	(0.00)	16.74	14.69	10.29	10.07
<b>Total return</b>	(2.83)	7.43	15.62	14.14	13.82
<b>Benchmark return</b>	0.51	10.02	14.73	12.17	12.25

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

## FUND UPDATE

The Advance Asian Equities Multi-Blend Fund underperformed the MSCI All Country Asia ex-Japan Index over the September quarter.

Both of the Fund's underlying managers, Wellington and TT International, lagged the benchmark over the period. Wellington's relative underperformance was attributable to negative stock selection and sector allocation decisions particularly in the IT sector. From a country perspective, negative stock selection in India weighed on Wellington's relative performance outcome. At an individual stock level Global Wafers and Sunny Optical were the largest detractors for Wellington. TT also underperformed the benchmark over the period, although ahead of Wellington. TT's relative underperformance was driven by poor stock selection in India and an underweight country allocation to Taiwan. At a sector level Consumer Discretionary and IT were the largest detractors whilst the Financials and Materials position contributed positively to returns.

At the Fund level, positive stock selection within Materials and Healthcare sectors contributed positively to relative performance. On a country basis, an underweight allocation and positive stock selection in China was the major positive contributor to relative performance. An overweight allocation and positive stock selection in the Philippines was the next largest contributor. The largest positive relative contributing stocks over the quarter include Ping An Insurance, International Container Terminal Services and JD.com.

The key detractor was an underweight to Taiwan and an overweight to India which suffered from a rising US dollar which caused investors to be concerned regarding a widening current account deficit. The portfolio position in Information Technology, Property Trusts and Industrial sectors were the largest drags to relative performance over the September quarter. From an individual stock perspective Deutsche Bank AG London, Global Wafers and Wonik IPS detracted from performance.

ACTUAL ASSET  
ALLOCATION BY  
SECTOR~

	Fund (%)	Benchmark (%)
Energy	2.96	5.12
Materials	4.52	4.85
Industrials	8.87	6.88
Consumer Discretionary	13.52	12.44
Consumer Staples	6.88	4.85
Health Care	1.57	3.13
Information Technology	16.87	18.66
Telecommunication Services	7.70	8.52
Utilities	0.80	3.14
Property Trusts	5.78	5.77
Financial-x-Property Trusts	24.83	23.26
Derivatives & Other	1.95	3.37
Cash	3.76	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

ACTUAL ASSET  
ALLOCATION BY  
COUNTRY~

	Fund (%)	Benchmark (%)
China	35.42	35.24
Hong Kong	7.10	11.17
India	10.98	9.70
Indonesia	3.15	2.22
Korea	11.84	16.93
Malaysia	0.59	2.76
Philippines	2.12	1.09
Singapore	1.68	4.03
Taiwan	11.72	13.97
Thailand	0.73	2.82
Cash, Currency, Derivatives & Other	14.01	0.07
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## MARKET COMMENTARY

After three consecutive positive months, global equities ended the third quarter strongly with the MSCI World ex-Australia (Net Dividends) Index ended up +7.35% in AUD terms. Developed markets outperformed this quarter, with Asian markets struggling in particular. This saw the MSCI All Country World ex-Australia (Net Dividends) Index slightly lagging the developed market, but still up +6.48% over the period.

The divergence between the US and rest-of-world equity performance has widened substantially. Strong corporate earnings and economic growth boosted investor sentiment, helping the US stock market record its longest ever bull-run in history in the month of August. Geopolitical tensions in Europe (Brexit uncertainty, Italian budget proposals and crisis in Turkey) caused some volatility in EMEA, whilst Asian markets were impacted by ongoing trade war tensions, rising Fed interest rates and a strengthening USD.

Along with rising rates, Asian markets are currently focussed on three key issues; trade wars, a rising USD and uncertainty around Chinese policy. A rising USD has hurt countries that have a current account deficit such as India. In terms of Chinese policy questions remain as to how China will respond to a slowing economy and whether increased stimulus similar to 2009 will occur. There are concerns a crackdown on shadow banking will lead to a reduction in credit. Despite the headwinds, Asian equities continue to be attractively priced relative to the broader global index.

## TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Alibaba Group Holding Ltd.	5.60	4.18
Tencent Holdings Ltd.	4.35	5.17
Taiwan Semiconductor Manufacturing Co., Ltd.	3.56	4.65
Samsung Electronics Co., Ltd.	3.40	5.07
Ping An Insurance (Group) Company of China, Ltd.	2.98	1.20
China Pacific Insurance (Group) Co., Ltd.	2.55	0.23
AIA Group Limited	2.53	2.37
China Construction Bank Corporation	2.11	1.85
Baidu, Inc.	2.05	1.39
Hana Financial Group Inc.	1.84	0.26

## 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)	\$263.52		
Date established	May 2004	May 2004	Oct 2004
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 (Regular Savings Plan)
Minimum withdrawal	\$1,500	\$500	
Withdrawal period	5 business days	5 business days	10 business days
Entry fee <sup>2</sup>	Nil	4.10% maximum	
Management costs <sup>2,3</sup>	1.25% pa	2.20% pa	
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. <sup>2</sup> Includes the effect of GST (net of RITC). <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.

Advance Asset Management, GPO Box B87, Perth WA 6838

Client Services 1800 819 935 Adviser Services 1300 361 864 Fax (02) 9274 5211

[advance.com.au](http://advance.com.au)

**ADVANCE**  
ASSET MANAGEMENT

The Fund is issued by Advance Asset Management Limited (Advance) ABN 98 002 538 329 AFSL No. 240902. This fact sheet contains general information only and does not take into account individual financial circumstances. Investors should consider the PDS and whether the Fund is appropriate to their circumstances, and seek professional advice before investing in the Fund. A Product Disclosure Statement (PDS) for the Fund is available at [www.advance.com.au](http://www.advance.com.au) or via 1800 819 935 or from your financial adviser. Financial advisers, please call 1300 361 864. Past performance is not a reliable indicator of future performance. Performance figures are calculated using withdrawal values and assume that 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. Advance is a member of the Westpac Group, which includes Westpac Banking Corporation ABN 33 007 457 141 ("Westpac"). An investment in the Fund does not represent an investment in, deposit with or other liability of Westpac or any other member of the Westpac Group. It is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Westpac nor any other member of the Westpac Group stands behind or otherwise guarantees the capital value of an investment in a Fund or the performance of a Fund. AD10038ZL-0918sx