

ADVANCE ASIAN SHARES MULTI-BLEND FUND

As at 31 March 2018

FUND PERFORMANCE*

	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	3.51	20.03	20.36	2.90	10.62
Distribution return	(0.00)	12.94	7.06	10.16	6.74
Total return	3.51	32.98	27.42	13.05	17.37
Benchmark return	2.65	25.13	21.75	9.07	15.05

Inception date: 31 May 2004

MSCI AC Asia ex-Japan Index in AUD

FUND UPDATE

The Advance Asian Equities Multi-Blend Fund outperformed the MSCI All Country Asia ex-Japan Index in the first quarter of 2018. Positive stock selection decisions drove the Fund's relative outperformance over the period. Both of the Fund's underlying managers, Wellington and TT International, generated strong outperformance over the period with Wellington contributing to the bulk of the Fund's positive excess return. Both managers' outperformance was driven by positive stock selection; Wellington produced strong results in the IT and Healthcare sectors, and regionally in China and India, while stock selection in the Consumer Discretionary and Financials sectors, and Indonesia and China were the main sources of alpha for TT.

Positive stock selection in China and Indonesia were the two strongest contributors to relative outperformance on a country basis. Indonesia was one of the weakest performing Asian markets during the quarter, falling over -5% to the end of March. Despite the Fund's overweight to Indonesia, positive stock selection more than offset the drag from asset allocation with holdings in companies such as Mitra Adiperskasa and Indika Energy, names which generated strong double digit returns in an otherwise weak market. From a sector perspective, positive contribution from stock selection was strongest in the IT, Financials and Consumer Discretionary sectors. Notable stocks in each sector include Sunny Optical (IT), China Construction Bank (Financials) and Mitra Adiperskasa (Consumer Discretionary).

From an asset allocation perspective, the Fund's underweight to Healthcare which rallied over the quarter detracted from relative performance. Malaysia outperformed the broader Asian market over the quarter and the Fund's underweight exposure to the country as well as some weaker stock selection decisions detracted from performance. Stock selection in the Energy (Karoon Gas) and Consumer Staples sectors (Wuliangye) also hurt performance.

ACTUAL ASSET
ALLOCATION BY
SECTOR~

	Fund (%)	Benchmark (%)
Energy	3.12	4.37
Materials	7.58	4.54
Industrials	7.87	6.61
Consumer Discretionary	11.66	8.94
Consumer Staples	4.12	4.63
Health Care	0.46	2.77
Information Technology	32.51	32.11
Telecommunication Services	0.00	3.87
Utilities	0.50	2.86
Property Trusts	4.51	5.79
Financial-x-Property Trusts	24.89	23.51
Derivatives & Other	0.44	0.00
Cash	2.35	0.00
Total	100.00	100.00

ACTUAL ASSET
ALLOCATION BY
COUNTRY~

	Fund (%)	Benchmark (%)
China	32.10	34.73
Hong Kong	6.59	11.15
India	18.36	9.39
Indonesia	4.17	2.38
Korea	12.95	17.52
Malaysia	1.22	2.92
Philippines	0.88	1.15
Singapore	0.00	4.20
Taiwan	13.72	13.65
Thailand	0.93	2.82
Vietnam	0.00	0.00
Cash, Currency, Derivatives & Other	9.07	0.09
Total	100.00	100.00

MARKET COMMENTARY

Financial markets experienced unusually low levels of volatility throughout 2017, but the same could not be said for the first quarter of 2018. Positive investor sentiment spurred on by improvements in major economies across the global and higher global growth forecasts supported strong market returns in Q4 and it seemed that the positive momentum was carried over through the first half of the March quarter with markets off to a strong start. However, as Trump announced his intention to introduce tariffs, investors became concerned about the potential impact on sustained global growth and we saw the market give up its earlier gains. The MSCI World ex-Australia Index was slightly down by the end of the quarter, although returns fared slightly better in AUD terms at +0.8% for the period. Despite headwinds from rising inflation expectations and increasing protectionist rhetoric emerging from the US, Asian equities outperformed global equities and the MSCI All Country Asian ex-Japan Index ended up delivering +2.7% in AUD terms for the period.

Most sectors rose over the quarter, with the exception of Industrials (-0.7%) and Materials (-2.7%). Health Care was the only sector to generate double digit returns, up +11.3% over the period. In commodities, iron ore prices were volatile mirroring Chinese steel prices while crude oil was supported by lower US inventories and tensions in the Middle East, including talks of new sanctions imposed on Iran.

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Alibaba Group Holding Ltd.	6.11	4.46
Tencent Holdings Ltd.	5.30	6.26
China Construction Bank Corporation	4.73	1.82
Taiwan Semiconductor Manufacturing Co., Ltd.	4.40	4.38
Samsung Electronics Co., Ltd.	4.15	5.41
China Pacific Insurance (Group) Co., Ltd.	2.39	0.25
Prudential plc	2.13	0.00
AIA Group Limited	2.05	2.15
Hana Financial Group Inc.	1.37	0.27
Ping An Insurance (Group) Company of China, Ltd.	1.20	1.12

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)	\$274.79		
Date established	May 2004	May 2004	C
Distribution frequency	Annually	Annually	
Minimum investment ¹	\$5,000 (\$1,500 for Regular Savings Plan)	\$1,500 (\$1,000 for Regular Savings Plan)	\$5,000 Reg
Minimum withdrawal	\$1,500	\$500	
Withdrawal period	5 business days	5 business days	10 b
Entry fee ²	Nil	4.10% maximum	
Management costs ^{2,3}	1.25/1.25	1.25/1.25	
Regular Savings Plan ¹	Yes	Yes	
Regular Withdrawal Plan ¹	Yes	Yes	
Distribution reinvestment	Yes	Yes	
Buy/sell spread (%) ³	0.45/ 0.45	0.45/ 0.45	
Exit fee	Nil	Nil	
¹ Refer to the Product Disclosure Statement for further information. ² Includes the effect of GST (net of RITC). ³ 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

~ 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

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 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-0318sx