

ADVANCE ASIAN SHARES MULTI-BLEND FUND

As at 30 June 2017

FUND PERFORMANCE*

	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	0.86	15.01	4.54	5.98	9.08
Distribution return	10.88	12.40	6.13	10.46	6.74
Total return	11.73	27.41	10.67	16.44	15.82
Benchmark return¹	7.72	23.02	5.72	12.53	14.42

¹ MSCI AC Asia ex-Japan Index in AUD.

* The Fund performance is net of investment fees and relates to wholesale investors only. If you are a retail investor, you can obtain up to date returns at advance.com.au.

Inception date: 31 May 2004

FUND UPDATE

The Advance Asian Shares Multi-Blend Fund generated a strong 11.73% over the June quarter, outperforming the MSCI All Country Asia ex-Japan Index by 4.0%. Most sectors generated positive returns over the quarter, with Information Technology and Consumer Discretionary outperforming the market while the Energy was the only sector with negative returns. Positive stock selection and sector allocation decisions contributed to relative outperformance over the quarter. Stock selection in the Financials and Information Technology sectors was the largest source of outperformance, with stocks such as Alibaba and AIA contributing strongly.

Both underlying managers delivered positive returns over the quarter. Wellington was the primary contributor to relative outperformance over the quarter while TT International generated a return roughly in line with benchmark.

Wellington's outperformance was largely from their stock selection at both a sector and country level. This was most evident in the Information Technology and Financial sectors, and from a country perspective, in China and India. Wellington's overweight allocation to Alibaba Group was the largest contributor to relative outperformance at a stock level. The better than expected revenues announcement, coupled with optimism regarding future growth targets during the recent earnings call, pushed up the stock price. Other stocks that added value to the portfolio include Godrej Properties, Tencent and SK Hynix.

TT's positive performance was driven by good stock selection, however, this was partially offset by regional allocations and effects of currency. At a stock level, TT also benefited from the surge in Alibaba's stock price over the quarter following better than expected earnings results and an uplift in revenue growth guidance. Sirtex Medical led outperformance in Australia after it announced a restructuring plan to focus on expanding its core business, which was well received by the broader market. At the sector level, outperformance in the TT portfolio was most pronounced in Financials, Industrials and Consumer Staples.

Country allocation detracted from the portfolio's relative performance over the quarter. An underweight to Singapore and overweight in Australia hurt the most. For Wellington, although an overweight in India and underweight to China detracted from performance, stock selection in these regions were the largest contributors to relative outperformance. At a stock level, the largest detractor was the overweight to Zee Entertainment, one of the largest distributors of Indian programming content in India, which saw a fall in its share price over concerns that advertisement spending in the near term would be impacted by the nationwide implementation of GST. Other

detractors to relative performance included strong performing names Hon Hai Precision and Samsung Electronics, which are not held by the manager.

ACTUAL ASSET ALLOCATION BY SECTOR

	Fund (%)	Benchmark (%)
Energy	2.30	4.00
Materials	4.35	4.46
Industrials	9.31	7.51
Consumer Discretionary	12.38	9.68
Consumer Staples	8.30	4.60
Health Care	0.52	2.19
Information Technology	30.09	30.42
Telecommunication Services	0.47	4.88
Utilities	0.91	3.14
Property Trusts	4.74	5.78
Financial-x-Property Trusts	23.12	23.34
Derivatives & Other	0.43	0.00
Cash	3.07	0.00
Total	100.00	100.00

ACTUAL ASSET ALLOCATION BY COUNTRY

	Fund (%)	Benchmark (%)
China	26.08	32.01
Hong Kong	10.71	11.72
India	18.99	10.11
Indonesia	5.31	2.82
Korea	13.51	17.91
Malaysia	1.23	2.73
Philippines	2.91	1.36
Singapore	0.00	4.39
Taiwan	13.79	14.32
Thailand	1.06	2.49
Vietnam	1.03	0.00
Cash, Currency, Derivatives & Other	5.38	0.15
Total	100.00	100.00

MARKET COMMENTARY

Continued news of positive macroeconomic conditions in many parts of the globe, including North America and Asia, in addition to reduced political and financial risk in Europe, saw positive performance persist across most global equity markets through the second quarter of 2017. Emerging Market and Asian equities outperformed developed markets, with the MSCI All Country Asia ex-Japan Index delivering +7.7% in AUD terms, 2.5% in excess of the MSCI World ex-Australia Index.

Within Asia, China was the strongest performer, despite the downgrade in sovereign credit rating by Moody's. Strong Chinese growth numbers and expectations for new government infrastructure spending, as well as the inclusion of China A-shares in the MSCI Emerging Markets index next year, were all positive for market sentiment. A falling US dollar over the quarter contributed to the strength of returns in other Asian markets, including Korea, Hong Kong and Taiwan.

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Alibaba Group Holding Ltd.	6.74	3.91
Taiwan Semiconductor Manufacturing Co., Ltd.	5.31	4.14
AIA Group Limited	5.27	2.16
Tencent Holdings Ltd.	4.57	4.99
Samsung Electronics Co., Ltd.	3.90	5.70
Techtronic Industries Co., Ltd.	2.30	0.26
China Pacific Insurance (Group) Co., Ltd.	2.13	1.60
LG Corp	1.85	0.16
HDFC Bank Limited	1.56	0.06
International Container Terminal Services, Inc.	1.47	0.00

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 (millions)	\$226.40	
Date established	May 2004	May 2004
Distribution frequency	Annually	Annually
Minimum investment	\$5,000 (\$1,500 for Regular Savings Plan ¹)	\$1,500 (\$1,000 for Regular Savings Plan ¹)
Minimum withdrawal	\$1,500	\$500
Withdrawal period	5 business days	5 business days
Entry fee	Nil	4.10% maximum ²
Ongoing fee	1.25% ²	2.20% ²
Regular Savings Plan ¹	Yes	Yes
Regular Withdrawal Plan ¹	Yes	Yes
Distribution reinvestment	Yes	Yes
Buy/sell spread (%)	0.45	0.45
Exit fee	Nil	Nil

¹ Please refer to the Product Disclosure Statement and Application Form.

² Includes effect of GST (net of RITC).

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ASSET MANAGEMENT

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