

# ADVANCE ASIAN SHARES MULTI-BLEND FUND

As at 30 June 2018

## FUND PERFORMANCE\*

	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
<b>Growth return</b>	(17.60)	(1.93)	6.20	2.33	4.92
<b>Distribution return</b>	15.21	18.10	15.46	10.14	10.19
<b>Total return</b>	(2.39)	16.17	21.66	12.47	15.10
<b>Benchmark return</b>	(1.78)	14.10	18.48	8.44	12.91

MSCI AC Asia ex-Japan Index in AUD

## FUND UPDATE

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

Both of the Fund's underlying managers, Wellington and TT International, lagged the benchmark over the period. TT's relative underperformance was attributable to negative stock selection and sector allocation decisions particularly in the IT, Materials and Consumer Staples sectors, whilst from a country perspective, negative stock selection in China and India weighed on TT's relative performance outcome. Chinese names, VIPShop and China Jushi were significant detractors for TT. Wellington also underperformed the benchmark over the period, although slightly ahead of TT. Wellington's relative underperformance was driven by weaker stock selection in China and the Philippines, and the Consumer Discretionary and Industrials sectors.

At the Fund level, positive stock selection within the Energy, Financial and Property Trusts sectors contributed positively to relative performance. On a country basis, an underweight allocation and positive stock selection in Korea was the major positive contributor to relative performance. Despite the Fund's relative overweight position to Indonesia, a market which underperformed the benchmark over the period, strong stock selection saw a meaningful positive contribution to relative performance. The largest positive contributing stocks over the quarter include, MMG Ltd, Walsin Technology Corp., Hwaseung Enterprise and PT Mitra Adiperkasa Tbk.

Negative stock selection in the Materials, Utilities and Healthcare sectors were the largest drags to relative performance over the June quarter. From a country perspective, weak stock selection in China and Taiwan and negative allocation decisions, such as a small overweight to Pakistan which fell over -17% over the period and an underweight exposure to Hong Kong which outperformed over the period contributed meaningfully to the Fund's relative underperformance.

ACTUAL ASSET  
ALLOCATION BY  
SECTOR~

	Fund (%)	Benchmark (%)
Energy	2.76	4.48
Materials	5.49	4.75
Industrials	7.11	6.48
Consumer Discretionary	10.05	8.93
Consumer Staples	4.33	4.99
Health Care	0.44	3.23
Information Technology	33.20	31.56
Telecommunication Services	0.00	3.66
Utilities	0.77	3.08
Property Trusts	4.42	6.01
Financial-x-Property Trusts	24.44	22.81
Derivatives & Other	4.07	0.00
Cash	2.91	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

ACTUAL ASSET  
ALLOCATION BY  
COUNTRY~

	Fund (%)	Benchmark (%)
China	32.77	37.06
Hong Kong	6.32	11.18
India	17.55	9.75
Indonesia	3.81	2.15
Korea	12.04	16.51
Malaysia	1.09	2.64
Philippines	1.69	1.07
Singapore	0.56	3.95
Taiwan	13.28	13.16
Thailand	0.64	2.46
Vietnam	0.00	0.00
Cash, Currency, Derivatives & Other	10.26	0.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## MARKET COMMENTARY

The June quarter was a turbulent period with escalating geopolitical and trade war tensions weighing heavily on investor sentiment. A positive end to the US-North Korea Summit in Singapore provided some relief for the markets early on in the quarter, however, the positive sentiment was short lived with threats of retaliatory tariffs in response to Trump's trade policy moves with its major trading partners. The negative sentiment in the market saw global equity returns fall over the quarter in USD terms; Australian investors, however, benefitted from a weakening currency and the MSCI World ex-Australia (Net Dividends) Index ended up +5.53% in AUD terms. The impact of trade war concerns and a strengthening USD was particularly heavy on Asian equities, with the MSCI Asia ex-Japan (Net Dividends) Index generating a negative return and underperforming the broader global equities benchmark, ending the period at -2.50% in AUD terms.

Some of the ASEAN countries such as Thailand, Indonesia, Malaysia and the Philippines underperformed significantly over the quarter on the back of trade concerns and weakening currencies against the USD. India outperformed, followed by Hong Kong while China was broadly flat; the People's Bank of China's injection of liquidity offsetting market's concerns about the trade war and weakening yuan.

From a sector perspective, a flight to safety saw defensive areas such as Consumer Staples and Utilities outperforming over the period, whilst outperformance in the Energy sector was supported by higher oil prices. The cyclical and trade-linked sectors, including Industrials, Consumer Discretionary and Materials underperformed.

## TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Alibaba Group Holding Ltd.	5.64	4.63
Tencent Holdings Ltd.	5.59	6.18
China Construction Bank Corporation	4.02	1.92
Samsung Electronics Co., Ltd.	3.79	4.98
Taiwan Semiconductor Manufacturing Co., Ltd.	3.51	3.78
AIA Group Limited	2.25	2.28
Ping An Insurance (Group) Company of China, Ltd.	2.24	1.05
China Pacific Insurance (Group) Co., Ltd.	2.18	0.23
Hana Financial Group Inc.	1.81	0.25
Bank of China Limited	1.14	0.86

## 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)	\$262.69	
Date established	May 2004	May 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)
Minimum withdrawal	\$1,500	\$500
Withdrawal period	5 business days	5 business days
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.

<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.

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**ADVANCE**  
ASSET MANAGEMENT

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