

ADVANCE AUSTRALIAN SHARES MULTI-BLEND FUND

As at 30 September 2018

FUND PERFORMANCE*

	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	0.08	2.96	1.91	1.63	0.11
Distribution return	1.04	11.25	10.11	10.47	7.74
Total return	1.12	14.22	12.02	12.09	7.84
Benchmark return¹	1.50	14.03	11.50	12.16	8.19

Inception date: 30 June 1998

Benchmark: S&P/ASX 300 Accumulation Index (Pre April 2-010 ASX 200 Accumulation Index)

FUND UPDATE

The Advance Australian Share Multi-Blend Fund underperformed its benchmark over the September quarter, driven primarily by negative stock selection.

The underperformance was a result of a number of managers having a growth bias in their portfolio, which performed poorly as there was a slight rebound in value stocks in the month of September. However, Schroders and Realindex delivered strong returns for the quarter, which contributed positively to returns albeit not enough to offset underperforming managers.

The Consumer Staples position was the largest positive contributor to performance driven by an underweight allocation and positive stock selection. This was closely followed by an underweight in Financials combined with positive stock selection. At a stock level, overweights in Santos and Metcash were strong contributors as Santos benefited from a strong oil price whilst Metcash had a share buy-back and improving trading conditions.

At the portfolio level, sector allocation and stock selection were negative contributors this quarter. The overweight in Materials combined with poor stock selection in that sector was the largest detractor. This was largely due to the overweight position in Lynas Corporation and Rio Tinto. This was followed by the energy sector where stock selection was negative due to an underweight position to Woodside Petroleum. The Fund's allocation to the Advance Australian Smaller Companies Multi-Blend contributed negatively as Small Caps underperformed the broad cap market over the quarter.

ACTUAL ASSET ALLOCATION BY SECTOR~

	Fund (%)	Benchmark (%)
Energy	5.82	6.00
Materials	19.29	17.90
Industrials	7.95	7.74
Consumer Discretionary	7.00	4.32
Consumer Staples	6.99	7.83
Health Care	8.98	8.60
Information Technology	2.03	2.33
Telecommunication Services	4.57	3.80
Utilities	1.03	1.87
Property Trusts	5.15	7.70
Financial-x-Property Trusts	29.49	31.92
Derivatives & Other	1.12	0.00
Cash	0.57	0.00
Total	100.00	100.00

MARKET COMMENTARY

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.

In Australia, domestic equities had a weaker quarter and underperformed the global equity markets. September was the weakest month, (-1.19%) as there was a slight rotation to value stocks. The S&P/ASX 300 Accumulation Index ended the quarter up (+1.50%), supported mainly by strong performance in the Telecommunications Services sector given the proposed merger with TPG and Vodafone which will likely improve market conditions for Telstra. The Energy sector continued to outperform on the back of rising oil prices. The Information Technology stocks continued their strong run whilst Financials underperformed as the Royal Commission and earnings weakness weighed on stocks. The Healthcare sector improved but there are heightened regulatory concerns that continues to weigh on sentiment. The largest individual stock contributor during the quarter was Telstra (+26.05%), followed by BHP (4.98%) and CSL (5.05%). Westpac (-4.68%) was the largest detractor as the market remains concerned that provisions for customer remediation will increase.

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
BHP Billiton Limited	7.61	6.47
Commonwealth Bank of Australia	6.30	7.32
CSL Limited	5.55	5.30
Westpac Banking Corporation	5.39	5.59
Australia and New Zealand Banking Group Limited	4.70	4.75
National Australia Bank Limited	3.95	4.42
Macquarie Group Limited	2.98	2.32
Wesfarmers Limited	2.37	3.29
Rio Tinto Limited	2.36	1.89
Telstra Corporation Limited	2.31	2.21

INVESTMENT OBJECTIVE

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

BENEFITS OF INVESTING IN THE FUND

The Australian Shares Multi-Blend Fund gives you the opportunity to benefit from the performance of Australian businesses across a wide range of industries such as pharmaceuticals, information technology and banking. Over time, your investment may increase in value and provide a growing income stream through dividend payments. You may also receive tax benefits if companies in the portfolio distribute income as dividends on which tax has already been paid. Managers are selected for their own investment style and process. The Multi-Blend approach is based on the belief that the different styles of each manager when combined, can produce a more consistent outcome for investors by minimising style and portfolio risk.

KEY FEATURES

	Wholesale	Retail
Total assets (AUD millions)	\$2,815.44	
Date established	June 1998	July 1994
Distribution frequency	Quarterly	Quarterly
Minimum investment ¹	\$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 ²	Nil	4.10% maximum
Management costs ^{2,3}	0.90% pa	1.95% pa
Regular Savings Plan ¹	Yes	Yes
Regular Withdrawal Plan ¹	Yes	Yes
Distribution reinvestment	Yes	Yes
Buy/sell spread (%) ³	0.30/0.30	Nil
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.

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ASSET MANAGEMENT

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