

ADVANCE AUSTRALIAN 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	(3.59)	(3.89)	0.53	(3.80)	1.18
Distribution return	0.37	10.02	10.85	8.16	6.53
Total return	(3.23)	6.13	11.38	4.35	7.71
Benchmark return¹	(3.78)	2.86	11.21	3.92	7.62

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 outperformed its benchmark over the March quarter, driven primarily by positive stock selection.

The outperformance was a result of the majority of underlying managers delivering alpha during the quarter, with Bennelong and BT Investment Management contributing to the majority of relative outperformance from strong stock selection. Fidelity, Realindex and Schroders underperformed over the quarter, but only by a small margin.

At the Fund level, positive stock selection in the Consumer Discretionary, Industrials and Materials sectors was the primary driver of relative outperformance. Holdings in stocks with better than expected earnings announcements during reporting season, such as Flight Centre, Nine Entertainment and Qantas were strong contributors to outperformance. Small caps outperformed the broad cap market over the quarter, so the Fund's allocation to the Advance Australian Smaller Companies Multi-Blend contributed positively to outperformance.

Fidelity and Realindex underperformed the benchmark over the quarter and detracted slightly from the Fund's relative performance. Holdings in Blue Sky Alternative Investments and Wisetech Global, which underperformed quite strongly over the period, were the major detractors of performance for Fidelity while Realindex's underweight and stock selection in Healthcare due to their valuation discipline was the manager's major source of underperformance

ACTUAL ASSET ALLOCATION BY SECTOR~

	Fund (%)	Benchmark (%)
Energy	5.04	5.17
Materials	18.73	17.75
Industrials	7.75	7.44
Consumer Discretionary	8.11	4.87
Consumer Staples	6.81	7.75
Health Care	8.43	7.79
Information Technology	2.01	2.37
Telecommunication Services	2.61	2.76
Utilities	1.13	1.98
Property Trusts	5.14	8.03
Financial-x-Property Trusts	30.21	34.08
Derivatives & Other	2.18	0.00
Cash	1.84	0.00
Total	100.00	100.00

MARKET COMMENTARY

Global equity markets ended the 2017 year with strong gains across the board and the trend looked to continue earlier on in the first quarter of 2018. However, market volatility spiked in the latter half of the quarter as markets became increasingly concerned about faster than expected inflationary pressures and potential trade wars between the US and China. The Australian equity market ended the quarter in the red, underperforming global equity markets, with the S&P/ASX 300 Accumulation Index recording a return of -3.78% for the period. Small caps performed marginally better than the broad cap index; the S&P/ASX Small Ordinaries Accumulation Index falling -2.79% for the quarter. Most sectors fell over the period; Healthcare, up +6.6%, was the strongest performing sector for the quarter supported by solid reporting results during February's earnings season, followed by IT and Consumer Staples, which generated modest positive returns of +1.9% and +0.9% respectively. Telecommunications and Utilities were the worst performing sectors over the period, down -11.3% and -6.6% respectively while the Financials sector underperformed as regulatory concerns weighted on the banking sectors. Materials tracked commodity prices lower, while stock specific factors hurt some energy companies. Better than expected earnings and upgrades to forward guidance saw some companies generate phenomenal performance, most notably A2 Milk (+55.5%) and Flight Centre (+28.8%). Conversely names which disappointed during reporting season were sold off heavily, such as Wisetech (-33.6%) and BWX (-35.6%).

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Commonwealth Bank of Australia	6.68	7.97
BHP Billiton Limited	6.66	5.69
Westpac Banking Corporation	5.63	6.13
CSL Limited	4.80	4.42
Australia and New Zealand Banking Group Limited	4.55	4.94
National Australia Bank Limited	4.31	4.87
Rio Tinto Limited	2.58	1.89
Macquarie Group Limited	2.40	2.05
Telstra Corporation Limited	2.19	2.35
Wesfarmers Limited	2.08	2.96

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)	\$2,953.49	
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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