

ADVANCE AUSTRALIAN SHARES MULTI-BLEND FUND

As at 30 June 2018

FUND PERFORMANCE*

	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
Growth return	1.74	3.83	4.10	(0.45)	2.22
Distribution return	6.57	10.94	10.05	10.11	7.74
Total return	8.31	14.77	14.15	9.66	9.97
Benchmark return¹	8.36	13.24	13.53	9.14	9.99

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 slightly underperformed its benchmark over the June quarter, driven primarily by negative stock selection.

The underperformance was a result of a number of managers having a value bias in their portfolio which struggled to keep up with the run up in growth stocks over the quarter. However, Bennelong and Solaris delivered strong returns for the quarter which contributed positively to returns.

At the portfolio level, sector allocation had a positive effect on performance. The Financials position was the largest positive contributor to performance driven by an underweight allocation and positive stock selection. This was closely followed by an overweight in Materials combined with positive stock selection. At a stock level overweights in stocks Aristocrat Leisure, BHP Billiton and Macquarie Group were strong contributors to outperformance as companies with strong earnings potential continued to outperform the broader market.

At the portfolio level, stock selection was a negative contribution this quarter. The underweight in Consumer Staples combined with poor stock selection in that sector was the largest detractor. This was largely due to the underweight position in both Woolworths and Wesfarmer. 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	5.77	5.75
Materials	20.02	18.49
Industrials	7.21	7.23
Consumer Discretionary	8.09	4.95
Consumer Staples	7.10	8.12
Health Care	8.83	8.43
Information Technology	2.24	2.51
Telecommunication Services	2.05	2.23
Utilities	1.10	1.99
Property Trusts	4.86	7.71
Financial-x-Property Trusts	29.41	32.58
Derivatives & Other	0.93	0.00
Cash	2.40	0.00
Total	100.00	100.00

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. Compared to equities, commodity markets showed greater resilience in the face of rising geopolitical pressures with crude oil prices rising above US\$80, the highest levels since 2014.

In Australia, domestic equities had a strong quarter and outperformed the global equities markets. The S&P/ASX 300 Accumulation Index ended the quarter up +8.36%, supported mainly by strong performance in the Energy sector given higher oil prices and a weaker AUD against the USD. The weakening AUD was also supportive of companies with foreign earnings exposure in the Health Care sector. The biggest contributor during the quarter was CSL, which rose +23.9% after upgrading FY18 earnings guidance during May. The Consumer Staples sector outperformed, largely driven by Wesfarmers following positive news flow around its future growth strategy and Bunnings UK business. The Financials sector continues to be weighed down the Royal Commission and the Telecommunications was dragged down by Telstra, which was down -16.6% over the period.

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
BHP Billiton Limited	7.58	6.39
Commonwealth Bank of Australia	6.41	7.53
CSL Limited	5.54	5.12
Westpac Banking Corporation	5.50	5.89
Australia and New Zealand Banking Group Limited	4.56	4.80
National Australia Bank Limited	3.90	4.38
Macquarie Group Limited	2.91	2.30
Rio Tinto Limited	2.82	2.02
Wesfarmers Limited	2.38	3.29
Aristocrat Leisure Limited	2.21	1.16

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)	\$2,890.47	
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.

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

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