

# ADVANCE AUSTRALIAN SMALLER COMPANIES MULTI-BLEND FUND

As at 30 September 2017

FUND PERFORMANCE*	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
<b>Growth return</b>	5.77	(3.36)	7.91	4.17	2.68
<b>Distribution return</b>	(0.00)	7.03	5.23	4.33	3.60
<b>Total return</b>	5.77	3.67	13.14	8.51	6.28
<b>Benchmark return</b>	4.41	2.98	15.33	8.15	5.09

Benchmark: S&P/ASX Small Ordinaries Accumulation Index.

## FUND UPDATE

The Advance Australian Smaller Companies Multi-Blend Fund outperformed its benchmark during the September quarter, with the fund maintaining a bias towards quality.

Sigma, Tribeca and Celeste all delivered strong relative outperformance over the period, while OC's performance was largely in line with the broader small caps benchmark. Sigma topped the leaderboard of gains, driven by a broad cross section of stocks that are expected to benefit from greater levels of infrastructure spend on the East Coast as well as a recovering capex cycle in WA. Hence, contracts and mining services were well sought after.

Stock selection was the primary driver of relative outperformance, particularly in the Industrials sector with holdings in diversified engineering and infrastructure company RCR Tomlinson enjoying a strong double digit return, while staffing and maintenance service provider Programmed Maintenance Services and Royal Wolf Holdings were both subject to takeover bids.

OC's flat performance relative to the benchmark was a result of strong gains in the Consumer Staples sector through a holding in A2 Milk, being offset by declines across Consumer Discretionary holdings linked to softer retail spending such as Baby Bunting and Bapcor Ltd.

## ACTUAL ASSET ALLOCATION BY SECTOR<sup>~</sup>

	Fund (%)	Benchmark (%)
Energy	3.03	6.37
Materials	11.03	17.20
Industrials	19.65	9.90
Consumer Discretionary	24.16	19.77
Consumer Staples	4.91	10.37
Health Care	4.31	6.62
Information Technology	7.09	6.89
Telecommunication Services	2.81	1.84
Utilities	0.54	0.62
Property Trusts	5.91	12.38
Financial-x-Property Trusts	11.70	8.03
Derivatives & Other	0.00	0.00
Cash	4.85	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## MARKET COMMENTARY

Major equity markets around the world continued to advance over the September quarter as signs that global economies are growing in synchronisation for the first time in 10 years, with improving data out of the US, Europe and Japan providing a boost to investor sentiment.

Domestically, Australian equities traded in a remarkably narrow range over the quarter, and despite an informative reporting season in August the S&P/ASX 300 Accumulation Index only managed to edge 0.8% higher. The S&P/ASX Small Ordinaries Accumulation Index produced a strong performance finishing 4.4%, with the heavy lifting largely done by Small Resources (+12.8%), although Small Industrials (+2.5%) also enjoyed a positive period. The strongest underlying sectors within small caps were Consumer Staples (+15.3%), Materials (+7.8%) as well as Energy (+14.2%). These positive performers managed to more than offset losses from Telecoms (-1.3%), IT (-2.0%), Consumer Discretionary (-1.4%), and most importantly Health Care (-8.7%). The Consumer Staples sector was driven by infant formula maker A2 Milk (+55.9%) which rallied sharply after a slew of good news such as a better than expected FY17 result and confirmation of a successful registration with the China Food and Drug Administration. Outside Consumer Staples, lithium miners were standouts within the Materials sector, with the likes of Mineral Resources (+53.2%) and Galaxy Resources (+57.1%) both making extraordinary gains as the outlook for lithium strengthened over the quarter.

On the other side of the spectrum, poor reporting season results/guidance saw a number of Health Care names plunge over August, and the sector finished the quarter meaningfully lower. These names included Mayen Pharma (-39.2%) and Mesoblast (-33.5%).

In local economic news, Australia's record economic expansion moved into its 27th year, with September's national accounts showing GDP grew by 0.8% in the June quarter, for annual economic growth of 1.8%.

## TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Steadfast Group Ltd. (Australia)	2.77	1.31
RCR Tomlinson Ltd	2.77	0.44
Reliance Worldwide Corp. Ltd.	2.63	1.18
Cleanaway Waste Management Ltd.	2.50	1.38
IMF Bentham Limited	2.38	0.21
SpeedCast International Ltd.	2.22	0.50
Autosports Group Ltd.	1.62	0.00
Ama Group Limited	1.56	0.22
Eclipx Group Ltd.	1.53	0.81
Bapcor Ltd.	1.48	0.89

## INVESTMENT OBJECTIVES

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

## BENEFITS OF INVESTING IN THE FUND

The Australian Smaller Companies Multi-Blend Fund offers a compelling alternative to most Australian share funds by investing in smaller companies. Simply due to their small size they may often grow more rapidly than larger, more mature companies. Smaller companies are often less bureaucratic and more flexible and can therefore respond more quickly to changes in market trends. Australian smaller companies funds may provide diversification benefits and add to the overall long-term returns by boosting your exposure to companies with potentially higher growth rates. 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)	\$212.84	
Date established	December 2004	March 2005
Distribution frequency	Half Yearly	Half Yearly
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>	1.18% pa	2.15% pa
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>	0.30/0.30	0.30/0.30
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.

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](http://advance.com.au)

**ADVANCE**  
ASSET MANAGEMENT

The Fund is issued by Advance Asset Management Limited (Advance) ABN 98 002 538 329 AFSL No. 240902. This fact sheet contains general information only and does not take into account individual financial circumstances. Investors should consider the PDS and whether the Fund is appropriate to their circumstances, and seek professional advice before investing in the Fund. A Product Disclosure Statement (PDS) for the Fund is available at [www.advance.com.au](http://www.advance.com.au) or via 1800 819 935 or from your financial adviser. Financial advisers, please call 1300 361 864. Past performance is not a reliable indicator of future performance. Performance figures are calculated using withdrawal values and assume that income is reinvested. Annual management fees and expenses have been taken into account; however, no allowance has been made for entry fees, tax or any rebates that may be given. Advance is a member of the Westpac Group, which includes Westpac Banking Corporation ABN 33 007 457 141 ("Westpac"). An investment in the Fund does not represent an investment in, deposit with or other liability of Westpac or any other member of the Westpac Group. It is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Westpac nor any other member of the Westpac Group stands behind or otherwise guarantees the capital value of an investment in a Fund or the performance of a Fund. AD10038G-0917sx