

ADVANCE INTERNATIONAL 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	3.91	8.25	(6.16)	(12.21)	(3.67)
Distribution return	1.63	10.57	23.83	23.98	18.02
Total return	5.54	18.82	17.67	11.77	14.35
Benchmark return	7.35	20.82	18.07	12.43	15.25

Inception date: 30 September 1998
Benchmark: MSCI World Ex Australia (Standard) Index (Net Dividends) in Australian dollars

FUND UPDATE

The Advance International Shares Multi-Blend Fund underperformed the MSCI World Ex-Australia index for the second quarter of 2018.

At the underlying fund manager level, despite all managers generating positive returns over period, they all underperformed the benchmark. MFS and AQR delivered the strongest returns, whilst River & Mercantile was the greatest laggard. Over the period, a customised Wellington Global Equities portfolio was added to the Fund.

The key positive contributors were strong stock selection in Canada and Belgium, and an underweight country allocation to United Kingdom. From a sector perspective, a positive contribution came from an underweight to Energy, which underperformed the broader market over the period. Despite the underweight allocation, positive stock selection within the Energy sector contributed meaningfully to relative performance of the Fund. At an individual stock level the returns are diversified with no individual stock contributing more than 10 basis points. The largest contributors were Thermo Fisher Scientific, Corning Incorporated and Exact Sciences Corporation.

The largest detractor for the portfolio was the underweight position to the United States. Stock selection in the US also detracted from relative performance. The largest detractors to relative fund performance were US heavyweights: Apple, Microsoft and Amazon, which are also the Fund's largest underweight positions. The Fund's overweight allocation to China also hurt relative performance, with the Chinese equity market showing weakness as a result of unexpected regulatory changes and trade war discussions escalating over the period.

ACTUAL ASSET
ALLOCATION BY
SECTOR⁻

	Fund (%)	Benchmark (%)
Energy	5.46	6.55
Materials	5.35	4.36
Industrials	13.32	11.48
Consumer Discretionary	12.31	10.66
Consumer Staples	6.67	8.06
Health Care	15.02	13.04
Information Technology	16.58	16.05
Telecommunication Services	5.85	8.38
Utilities	1.73	2.93
Property Trusts	2.04	2.76
Financial-x-Property Trusts	12.76	15.74
Derivatives & Other	0.43	0.00
Cash	2.47	0.00
Total	100.00	100.00

ACTUAL ASSET
ALLOCATION BY
REGION⁻

	Fund (%)	Benchmark (%)
North America	57.36	66.95
United Kingdom	5.27	6.22
Developed Europe ex UK	18.68	16.13
Developed Asia (ex Aus & Jap)	1.32	1.78
Japan	6.92	8.73
Australia	0.85	0.00
Middle East & Africa	0.55	0.19
Emerging Europe	0.05	0.00
Latin & South America	1.27	0.00
Emerging Asia	5.26	0.00
Cash, Currency & Other	2.47	0.00
Total	100.00	100.00

MARKET COMMENTARY

After three consecutive positive months, global equities ended the third quarter strongly with the MSCI World ex-Australia (Net Dividends) Index ended up +7.35% in AUD terms. Developed markets outperformed this quarter, with Asian markets struggling in particular. This saw the MSCI All Country World ex-Australia (Net Dividends) Index slightly lagging the developed market, but still up +6.48% over the period.

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.

Most sectors were up this quarter, led by Health Care (+14%) and IT (+11%), although Twitter, Netflix and Facebook experienced rapid sell-downs following their earnings announcements. Rising interest rates (in US and Germany) made it difficult for interest rate sensitive sectors, such as Real Estate (+1%). The only sector to post negative returns over the period was Materials, which fell -4.5%.

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Amazon.com, Inc.	1.14	2.03
Alphabet Inc.	1.06	1.81
Microsoft Corporation	0.99	2.05
Visa Inc.	0.96	0.66
Boeing Company	0.77	0.51
Accenture plc	0.74	0.27
Thermo Fisher Scientific Inc.	0.74	0.24
Facebook, Inc.	0.71	0.97
Essity Aktiebolag	0.66	0.04
Medtronic Public Limited Company	0.65	0.33

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 International Shares Multi-Blend Fund gives you the opportunity to participate in the performance of world markets outside of Australia. International shares provide the potential for capital growth and some income over time. Diversifying a portfolio beyond the Australian sharemarket may help reduce risk and improve returns. 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)	\$1,789.44	
Date established	September 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}	1.10% pa	2.10% pa
Regular Savings Plan ¹	Yes	Yes
Regular Withdrawal Plan ¹	Yes	Yes
Distribution reinvestment	Yes	Yes
Buy/sell spread (%) ³	0.20/0.20	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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ADVANCE
ASSET MANAGEMENT

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