

ADVANCE INTERNATIONAL 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	0.75	(20.03)	(16.12)	(14.60)	(0.45)
Distribution return	1.05	35.68	31.71	22.87	17.04
Total return	1.81	15.65	15.59	8.27	16.59
Benchmark return	0.79	13.31	14.43	7.96	16.96

Benchmark: MSCI World Ex Australia (Standard) Index (Net Dividends) in Australian dollars

FUND UPDATE

The Advance International Shares Multi-Blend Fund outperformed the MSCI World Ex-Australia Index for the first quarter of 2018.

Most managers outperformed the benchmark, with only MFS underperforming the benchmark and River & Mercantile ending the quarter in line with the Index. Despite vastly different investment styles, T Rowe Price (growth), Ardevora (rotational style) and AQR (quant) all generated meaningful outperformance relative to benchmark. Strong stock selection in the US and Japan, and the Consumer Discretionary and IT sectors were the key drivers of T Rowe Price's outperformance for the period.

At the Fund level, positive stock selection was the major source of relative outperformance with country and sector allocation also contributing positively to returns. US equities outperformed the benchmark over the period, and despite the Fund's relative underweight exposure strong stock selection in the US contributed to over half the Fund's relative outperformance. A position in Lumentum Holdings (IT) which was up +33% for the quarter was the largest positive contributor to outperformance, while an underweight to General Electric which fell over -20% was also beneficial. Sartorius AG in the Health Care sector was also another key positive contributor to the Fund.

The portfolio's modest overweight to interest rate sensitive Industrials detracted from performance. Holdings in Southwest Airlines and Canadian National Railway were the key detractors in the Industrials sector. From a country perspective, the Fund's non-index exposure to India through holding Axis Bank and HDFC Bank was the key detractor. Stock selection in Singapore, another underperforming market over the period, also detracted due to holdings in Genting Singapore (-14%) and Fraser & Neave (-13%).

ACTUAL ASSET
ALLOCATION BY
SECTOR⁻

	Fund (%)	Benchmark (%)
Energy	2.38	6.07
Materials	4.89	4.77
Industrials	12.27	11.79
Consumer Discretionary	12.64	12.91
Consumer Staples	6.37	8.69
Health Care	10.98	11.81
Information Technology	16.72	18.03
Telecommunication Services	0.37	2.69
Utilities	1.02	2.98
Property Trusts	1.22	2.88
Financial-x-Property Trusts	10.78	17.37
Derivatives & Other	18.85	0.00
Cash	1.50	0.00
Total	100.00	100.00

Any Futures positions held have been included in Derivatives & Other

ACTUAL ASSET
ALLOCATION BY
REGION⁻

	Fund (%)	Benchmark (%)
North America	57.65	64.38
United Kingdom	5.48	6.57
Developed Europe ex UK	19.65	17.53
Developed Asia (ex Aus & Jap)	1.66	1.95
Japan	7.23	9.36
Australia	0.63	0.00
Middle East & Africa	0.52	0.17
Emerging Europe	0.06	0.00
Latin & South America	1.43	0.04
Emerging Asia	4.03	0.00
Cash, Currency & Other	1.65	0.00
Total	100.00	100.00

MARKET COMMENTARY

Financial markets experienced unusually low levels of volatility throughout 2017, but the same could not be said for the first quarter of 2018. Positive investor sentiment spurred on by improvements in major economies across the globe and higher global growth forecasts supported strong market returns in Q4 and it seemed that the positive momentum was carried over through the first half of the March quarter with markets off to a strong start. However, as Trump announced his intention to introduce tariffs, investors became concerned about the potential impact on the sustained global growth and we saw the market give up its earlier gains. The MSCI World ex-Australia Index was slightly down by the end of the quarter; returns fared slightly better in AUD terms at +0.8% for the period.

Despite somewhat of a pullback in the second half of the quarter, the IT and Consumer Discretionary sectors led the market, while Telcos, Energy, Consumer Staples and Materials fell over the quarter.

In the US, the Fed hiked benchmark interest rates by 25bps in March after its last hike in December 2017. Although the market was largely expecting this, the Fed's incrementally hawkish outlook alongside other developed market central banks' tightening bias seemed to deter investor risk appetite. In another blow to risk appetite, concerns over a global trade war escalated as the US Government imposed trade tariffs on China while China pledged to respond in kind. While President Trump temporarily exempted European Union nations from the steel and aluminium tariffs until May 1, most European countries were rattled amid fears of deteriorating U.S. and Chinese relations and the downstream impact that could have in Europe. Japan and other Asian countries ended modestly up over the quarter, despite the sell off in March.

TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
Visa Inc.	0.85	0.56
Alphabet Inc.	0.83	1.64
Microsoft Corporation	0.82	1.73
JPMorgan Chase & Co.	0.78	0.99
Apple Inc.	0.69	2.23
Amazon.com, Inc.	0.67	1.53
Thermo Fisher Scientific Inc.	0.66	0.21
Comcast Corporation	0.60	0.41
Facebook, Inc.	0.59	0.98
Nestle S.A.	0.59	0.63

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)	\$1,774.38	
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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