

As at 31 December 2011

Wholesale performance*	3 months	1 year	2 years	3 years	5 years
	% pa	% pa	% pa	% pa	% pa
Growth return	1.92%	-11.98%	-4.70%	2.31%	-9.75%
Distribution return	0.89%	6.45%	4.58%	4.38%	7.77%
Total return	2.81%	-5.53%	-0.11%	6.69%	-1.98%
Benchmark return <sup>1</sup>	3.31%	-3.78%	0.44%	6.59%	-1.71%

\*The Fund performance relates to wholesale investors only. If you are a retail investor, you can obtain up to date returns at [advance.com.au](http://advance.com.au).

Inception date: 30 June 2004

<sup>1</sup> Benchmark: The benchmark for the Fund is created from a blend of indices based on the Fund's exposure to different asset classes. Details of the particular market indices used for the Fund's benchmark can be found on [advance.com.au](http://advance.com.au).

**Fund update**

The Advance Growth Multi-Blend Fund continued to retain a slight overweight bias towards growth assets during the quarter, with holdings in equities being modestly above neutral benchmark allocations. The performance of the Advance Growth Multi-Blend Fund was below that of the benchmark return with manager selection having a negative impact on the overall performance.

Over the quarter, the Advance Australian Shares Multi-Blend Fund slightly underperformed the benchmark, returning 1.8% after wholesale fees, while the S&P/ASX 300 Accumulation Index delivered 2.1%. The small companies' managers outperformed, but were unable to offset the underperformance of the small cap sector relative to their large cap peers. Performance across our larger company managers was mixed as some company shares continued to decline irrespective of quality.

The Advance International Shares Multi-Blend Fund was positive but underperformed its benchmark over the quarter. The Fund was up 1.4%, whilst the MSCI World ex Australia Index rose 2.0%. From a manager perspective, outperformance from Trilogy, AQR and MFS was unfortunately more than offset by underperformance by Tradewinds, Lazard and Schroders.

The Advance Asian Shares Multi-Blend Fund underperformed its benchmark over the quarter. The Fund declined 4.4%, whilst the MSCI AC Asia ex Australia Index fell 2.1%. Wellington's underperformance was a result of weak stock selection in the consumer discretionary and financials sectors. TT International's disappointing quarter was driven by negative stock selection in the technology and financials sectors which outweighed positive stock selection in materials and industrials.

The Advance Property Securities Multi-Blend Fund returned 5.8% for the quarter, underperforming its benchmark, which returned 6.5%. European Investors underperformed the benchmark by returning 6.4% versus the FTSE EPRA NAREIT Developed Index (hedged in AUD) return of 7.2% for the quarter.

The Advance International Fixed Interest Multi-Blend Fund returned 2.06% compared to the index return of 2.04% over the quarter. Standish's underperformance was due to foreign exchange. An underweight euro and an overweight US dollar tactical position hurt performance.

The Advance Australian Fixed Interest Multi-Blend Fund returned 0.80% over the quarter, underperforming the benchmark by 1.14%. At a manager level, Perennial Investment Partners and Colonial First State underperformed the benchmark during the quarter.

The Advance Alternative Strategies Multi-Blend Fund generated positive performance of 1.30% for the December quarter with limited volatility while equity, credit and commodity markets continued to have wild swings. Out of the portfolio's four building blocks (Alpha, Replication, Diversifiers and Rule Based Alternative Beta) only the last was marginally down with the remaining allocations generating positive performance.

Thanks to the strong rebound in commodity prices in October, the GSCI commodity index advanced by 9.4% during the quarter. Whilst all commodity markets are subject to different forces and investing across a range of them adds diversity to the portfolio, most are being impacted by three forces currently; tight supply/ demand, fears over a lower growth economic environment in the future and a strengthening US dollar. The latter two forces are curbing the positive influence of the former on commodity returns.

## Top five contributing managers

	Fund %	Benchmark %
Schroders	3.46	2.12
Trilogy	4.68	2.00
AQR	3.87	2.00
Alleron	3.63	2.12
Contango	5.71	-0.60

## Market commentary

Growth assets posted gains during the December quarter, despite heightened risk aversion and market nervousness. Better than expected economic data releases in the US and in leading European nations supported risk taking by return hungry investors. International and Australian bonds recorded modest gains while most yields remained low. International shares in local currency terms powered ahead whilst the strength of the Australian dollar eroded gains made on an unhedged basis.

International share markets posted strong gains in the December quarter partly offsetting losses made in the September quarter with international equities now having declined 5.0% for the last 12 months in both local currency terms and on a unhedged Australian dollar terms basis. However over the December quarter, international shares in local currency terms recorded gains of 7.9% which on an unhedged Australian dollar term basis, this index gained 2.1%. The 5.8% movement in the Australian dollar contributed to the underperformance of the unhedged Australian dollar international equities index.

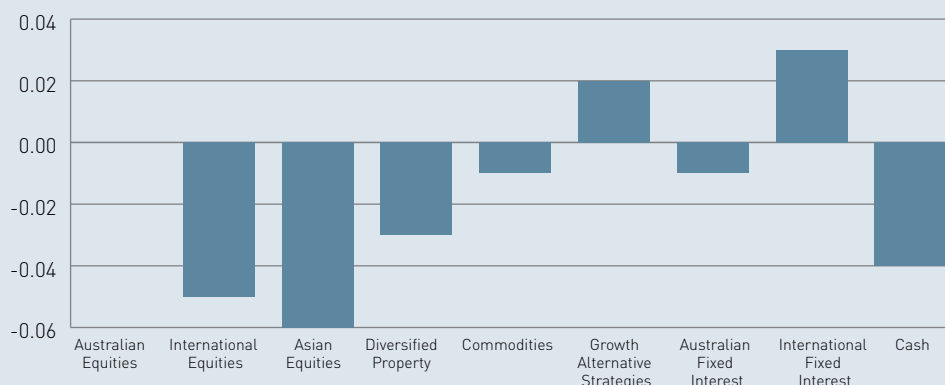
The Australian equity market managed to post modest gains despite continued political, economic and sovereign debt issue concerns gripping markets. The S&P/ASX 200 Accumulation Index gained 2.1% over the quarter, slightly underperforming the local currency global equities index whilst performing in line with the unhedged global index.

The Australian bond market posted a modest gain over the quarter as bond yields across the yield curve moved lower as investors remained risk averse and sought the safety of government bonds. The RBA cut the official cash rate twice during the quarter from 4.75% to the current 4.25%. The UBS Australian All Maturities Index posted a gain of 1.9%.

Global sovereign bond yields generally moved lower over the quarter as investors remained risk averse and preferred the relative safety of sovereign bonds. This was despite the release of positive economic data out of the US and leading European nations. The Barclays Global Aggregate Bond Index (Hedged) returned 2.0% over the quarter.

Australian listed property posted modest gains over the quarter, whilst hedged global listed property posted strong gains. Australian listed property was one of the better favoured sectors on the Australian bourse although investor preference was for defensive sectors within the equity market. Attractive income yield and distribution yield supported global property securities during the quarter The S&P/ASX 200 A-REIT Property Accumulation index returned 3.7%, whilst the hedged global REIT index returned 7.2% over the quarter.

## Sector attribution



Actual manager allocation	Sector	Manager	Fund %
	<b>Australian Equities</b>		<b>34.50</b>
		BT	6.75
		Schroders	9.75
		Northcape	6.00
		Bennelong	8.63
		Alleron	3.37
	<b>Australian Smaller Companies</b>		<b>3.00</b>
		Contango	1.08
		Northcape	1.08
		Tribeca	0.30
		Celeste	0.54
	<b>International Equities</b>		<b>27.00</b>
		Lazard	2.63
		Schroders	2.63
		MFS	4.40
		AQR	2.63
		Trilogy	2.63
		Tradewinds	2.63
		Mellon Capital	6.93
		State Street	2.52
	<b>Asian Equities</b>		<b>3.00</b>
		TT International	1.50
		Wellington	1.50
	<b>Diversified Property</b>		<b>7.00</b>
		Principal Global Investors	1.75
		European Investors	1.75
		Phoenix	1.75
		AMP Brookfield	1.75
	<b>Commodities</b>		<b>4.50</b>
		Credit Suisse	4.50
	<b>Growth Alternative Strategies</b>		<b>6.00</b>
		Advance Asset Management / Ramius Alternative Solutions LLC	6.00
	<b>Defensive Alternative Strategies</b>		<b>1.00</b>
		Kapstream	1.00
	<b>Australian Fixed Interest</b>		<b>4.00</b>
		Perennial	2.40
		Colonial First State	1.60
	<b>International Fixed Interest</b>		<b>7.00</b>
		Franklin Templeton	1.05
		Standish	2.80
		Wellington	3.15
	<b>Cash</b>		<b>3.00</b>
		BTIM	1.50
		IMS	1.50
	<b>Total</b>		<b>100.00</b>
<b>Benefits of investing in the Fund</b>	Diversified funds are designed for investors seeking a balanced portfolio of investments. The Growth Multi-Blend Fund invests in a mix of growth and defensive assets, and therefore has a high risk level. The managers of the Multi-Blend Funds 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.		
<b>Investment objective</b>	To provide moderate to high total returns (before fees and taxes) over the medium to long-term largely through capital growth by investing in a mix of growth and defensive assets.		

Key features	Wholesale	Retail
	Fund size	\$1,318.63m
Date established	June 2004	May 1992
Distribution frequency	Quarterly	Quarterly
Minimum investment	\$5,000 (\$1,500 for <i>Regular Savings Plan</i> <sup>1</sup> )	\$1,500 (\$1,000 for <i>Regular Savings Plan</i> <sup>1</sup> )
Minimum withdrawal	\$1,500	\$500
Withdrawal period	5 business days	5 business days
Entry fee	Nil	4.10% maximum <sup>2</sup>
Ongoing fee	0.93% pa <sup>2</sup>	1.98% pa <sup>2</sup>
Regular Savings Plan <sup>1</sup>	Yes	Yes
Regular Withdrawal Plan <sup>1</sup>	Yes	Yes
Distribution reinvestment	Yes	Yes
Buy/Sell spread (%)	0.25/0.25	Nil
Exit fee	Nil	Nil

<sup>1</sup> Conditions apply  
<sup>2</sup> Includes effect of GST

Strategic asset allocation range and neutral position	Minimum	Maximum	Neutral position
	%	%	%
Australian Equities	32.50%	42.50%	37.50%
International Equities	22.00%	32.00%	27.00%
Diversified Property	2.00%	12.00%	7.00%
Growth Alternative Strategies	1.00%	11.00%	6.00%
Defensive Alternative Strategies	0.00%	6.00%	1.00%
Asia	0.00%	8.00%	3.00%
Commodities	0.00%	9.50%	4.50%
Australian Fixed Interest	0.00%	9.00%	4.00%
International Fixed Interest	2.00%	12.00%	7.00%
Cash	0.00%	11.00%	3.00%

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advance.com.au

Advance Growth Multi-Blend Fund is issued by Advance Asset Management Limited (Advance) ABN 98 002 538 329 AFSL No.240902. 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. 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. Past performance is not a guide to future performance. Past performance is not a reliable indicator of future performance. 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. 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. Past performance is not a reliable indicator of future performance.

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