

# ADVANCE AUSTRALIAN SHARES MULTI-BLEND FUND

As at 31 March 2018

## FUND PERFORMANCE\*

	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	5 years (% pa)
<b>Growth return</b>	9.79	(0.19)	(2.06)	0.29	(0.85)
<b>Distribution return</b>	0.91	9.44	9.73	10.37	7.61
<b>Total return</b>	10.70	9.24	7.67	10.66	6.77
<b>Benchmark return<sup>1</sup></b>	10.92	11.74	7.21	11.39	7.39

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 underperformed its benchmark over the March quarter.

At the underlying fund manager level, despite the majority of the managers contributing positively, the fund was negatively impacted on a relative basis by Platypus returns which had a number earnings downgrades in reporting season.

The Financial sector underweight as well as good stock selection was the largest positive contribution to the performance of the Advance Australian Shares Multi Blend Fund. An underweight CBA allocation was the biggest contributor in that area followed by QBE who delivered solid results that lifted its share price. Energy stocks also contributed positively, in particular Viva Energy Group.

At the portfolio level, stock selection was particularly difficult in Consumer Staples and Industrials this quarter. Costa Group (-30.1%) was the biggest detractor after reporting soft demand in a number of product categories. The underweight in Brambles, ASX Ltd, Newcrest and Transurban Group also detracted over the last 3 months.

## ACTUAL ASSET ALLOCATION BY SECTOR~

	Fund (%)	Benchmark (%)
Energy	6.53	5.63
Materials	19.34	18.93
Industrials	7.47	8.20
Consumer Discretionary	7.43	6.43
Consumer Staples	5.58	5.49
Health Care	8.01	8.41
Information Technology	2.73	2.45
Telecommunication Services	3.83	3.69
Utilities	0.81	2.00
Property Trusts	4.44	7.87
Financial-x-Property Trusts	27.13	30.90
Derivatives & Other	5.88	0.00
Cash	0.82	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## MARKET COMMENTARY

Australian equities had a strong start to the year, with the S&P/ASX 300 Accumulation Index up 10.92%. This follows a disappointing December quarter where the Australian market was down over 8%. The radical change in sentiment from one quarter to the next has been attributed by many market participants to a more 'dovish' stance from the US Federal Reserve. With an impending liquidity crunch now less likely investors were once again willing to hold risk assets in the view that the US Federal Reserve's stance will elongate the economic cycle. Closer to home, in the February reporting season many companies were cautious on future earnings guidance. Domestically, the implications of Vale's tailings dam tragedy provided the iron ore miners a tailwind. There is now expected to be a significant supply shortage which has helped the Materials sector be the best performing sector this quarter (+19.42%). All 11 GICS sectors were positive this quarter, with Financials the laggard but still delivering an absolute return of 6.05%. Negative sentiment remains around the 'Big Four' banks following the royal commission and a declining residential property market. There was also news that New Zealand will increase Tier One capital requirements which will be an additional cost on the 'Big Four' further compounding the negative news. The next best performing sectors were Information Technology (+19.17%) and Telecommunication Services (17.89%).

## TOP 10 HOLDINGS

	Fund (%)	Benchmark (%)
BHP Group Limited	6.55	6.72
Commonwealth Bank of Australia	5.41	7.38
CSL Limited	5.22	5.23
Australia and New Zealand Banking Group Limited	4.58	4.47
Westpac Banking Corporation	4.25	5.28
National Australia Bank Limited	3.25	4.09
Macquarie Group Limited	3.03	2.43
Rio Tinto Limited	2.63	2.16
Aristocrat Leisure Limited	2.44	0.93
Woolworths Group Limited	2.23	2.37

## 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)	\$2,755.69	
Date established	June 1998	July 1994
Distribution frequency	Quarterly	Quarterly
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>	0.90% pa	1.95% 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	Nil
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.

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**ADVANCE**  
ASSET MANAGEMENT

The information in this document has been prepared by Advance Asset Management Limited ABN 98 002 538 329 AFSL 240902 ('Advance').

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Advance is the responsible entity of the Advance Australian Shares Multi-Blend Fund, ASRN 087 296 008 ('Fund'). A Product Disclosure Statement ('PDS') is available for the Fund and can be obtained by calling the Contact Centre on 1800 819 935, or visiting [www.advance.com.au](http://www.advance.com.au). The Financial Services Guide ('FSG') for Advance can also be obtained via the Product Disclosure Statement page on [www.advance.com.au](http://www.advance.com.au). Any retail client should obtain and consider the PDS for the Fund and the FSG before deciding whether to acquire, continue to hold or dispose of units in the Fund.

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