

# Australian Smaller Companies Multi-Blend Fund

## ADVANCE

MULTI-BLEND FUND

As at 31 December 2011

Wholesale performance*	3 months	1 year	2 years	3 years	5 years
	% pa	% pa	% pa	% pa	% pa
Growth return	0.52%	-16.67%	-2.92%	8.64%	-11.63%
Distribution return	1.02%	1.58%	2.46%	3.62%	8.54%
Total return	1.54%	-15.10%	-0.46%	12.26%	-3.09%
Benchmark return <sup>1</sup>	-0.60%	-21.43%	-5.75%	11.83%	-5.18%

\*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: 31 December 2004.

<sup>1</sup> Benchmark: S&P/ASX Small Ordinaries Accumulation Index.

  

Actual asset allocation by sector	Sector	Fund %	Benchmark %
	Energy	9.74	11.30
Materials	30.49	32.17	
Industrials	28.76	18.66	
Consumer Discretionary	12.39	13.45	
Consumer Staples	1.15	0.68	
Healthcare	2.53	3.66	
Information Technology	3.86	2.93	
Telecommunication Services	0.43	3.42	
Utilities	0.54	4.30	
Property Trusts	1.31	4.58	
Financial-ex-Property Trusts	6.15	4.84	
Cash	2.65	0.00	
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

## Market commentary

The Australian equities market (ASX 300) finished 2011 with a positive return in the December quarter of 2.1%. Smaller companies as represented by the Small Ordinaries Accumulation Index underperformed their larger counterparts over the quarter declining -0.6%. During the quarter the Small Ordinaries Index continued to exhibit very high levels of volatility; the market had a strong bounce-back at the beginning of the quarter, rallying back 7.8%, after six consecutive negatives months, however, investor concern returned again weighing on equity prices in November and December with the market down -3.8% and -4.8% respectively. Two RBA rate cuts provided some support to the market, but in reality it was the relief rally in October that underpinned the positive fourth quarter returns.

As had been the case for most of the year, the main influence on market direction in the December quarter was the ongoing European sovereign debt crisis. Peripheral European bond spreads continued to widen relative to German bonds which prompted agreement at an EU summit for further fiscal discipline for member countries via further government borrowing controls while initiatives were put in place to provide further capital support via the International Monetary Fund (IMF). While this tempered negative sentiment to a degree with peripheral European bond yields steadying towards the end of the period, investors remained highly uncertain regarding the future outlook. The quarter also was the banks' earnings season, which added to the generally downbeat mood that we saw during the preceding August reporting season. All the banks pointed to the difficult funding markets and, with credit remaining tight, the focus in once again on initiatives to reduce costs rather than grow earnings.

In terms of the Small Ordinaries Index sector performance, defensive sectors performed well with utilities up 16.6% and listed property up 8.9%. The smaller energy stocks rebounded strong up 10.6%, while, the smaller material stocks were weak, down 5.4%.

## Top 10 holdings

	Fund %	Benchmark%
SAI Global Ltd.	2.92	1.03
Regis Resources Ltd.	2.86	1.42
Independence Group N.L.	2.64	1.01
NRW Holdings Ltd.	2.47	0.74
Bradken Ltd.	2.35	1.33
DuluxGroup Ltd.	2.29	1.19
Imdex Ltd.	2.14	0.43
Nufarm Ltd.	2.07	0.86
Aurora Oil & Gas Ltd.	1.95	1.56
Mineral Resources Ltd.	1.78	1.51

## Investment objective

To provide long-term capital growth by investing in small capitalisation securities listed, or expected to be listed, on the Australian Stock Exchange. The Fund aims to provide investors with a total investment return (before fees and taxes) that outperforms the S&P/ASX Small Ordinaries Accumulation Index over a period of 5 years or longer by investing predominantly in companies that are outside the top 100 stocks as defined by market capitalisation.

## 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
Fund size	\$42.80 million	\$0.51 million
Date established	December 2004	March 2005
Distribution frequency	Half yearly	Half yearly
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	1.18% pa <sup>2</sup>	2.15% 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 (%)	0.30/0.30	0.30/0.30
Exit fee	Nil	Nil

<sup>1</sup> Conditions apply.

<sup>2</sup> Includes effect of GST.

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

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