

Our investment managers

~~ADVANCE~~



Advance Multi-Blend Funds

Advance is an active multi-manager. As we focus on asset allocation and risk management implemented through a multi-manager process, we're able to make expert, unbiased assessments about the people who manage your investments.

We've been managing managers in this way for more than 20 years and this means we can offer a range of investment solutions that deliver the best risk/return balance for you. We focus on finding quality investment managers with demonstrated core skills in a specific asset class or investment style.

Australian Shares



Investment style: growth

Market cap bias: large

Number of stocks: 25-35

Appointed: 2006

Established: 2004

Location: Sydney

Manages: *Advance Australian Shares Multi-Blend Fund (with other managers)*



Investment style: core

Market cap bias: broad

Number of stocks: 20-30

Appointed: 2011

Established: 2008

Location: Sydney

Manages: *Advance Australian Shares Multi-Blend Fund (with other managers)*



Investment style: neutral

Market cap bias: none

Number of stocks: 45-75

Appointed: 2006

Established: 1969

Location: Sydney

Manages: *Advance Australian Shares Multi-Blend Fund (with other managers)*

Investment philosophy/process:

Alleron offers a high conviction and concentrated portfolio driven by factors including short and long-term earnings, management strength, relative valuation and the competitive structure of a particular industry. Alleron uses a range of valuation methodologies to assess whether the market has mispriced the potential drivers of a stock's price. Ultimately, Alleron's aim is to own high quality stocks with an upside to valuations.

Other key points:

Alleron is a majority staff-owned and operated boutique manager, delivering robust performance in a range of market conditions.

Investment philosophy/process:

Bennelong believes stock prices are ultimately driven by earnings and cash flow performance. Bennelong believes high quality companies have a greater chance of delivering positive earnings surprises, relative to market expectations, and therefore higher relative shareholder returns over time. Bennelong's core investment style is agnostic about 'value' or 'growth' tilts but has a bias to companies with high quality investment attributes.

Other key points:

Bennelong's investment process seeks to identify and research quality companies using a fundamental bottom-up active process, supported by proprietary investment tools.

Investment philosophy/process:

BTIM utilises detailed bottom-up processes to produce a portfolio that incorporates the best stock ideas from research on a risk-adjusted basis. Detailed company research is a key driver of BTIM's investment process, which is used to determine the fair valuation of stocks in the investment universe. BTIM's portfolio is diversified, targeting no particular style bias over a full business cycle.

Other key points:

BTIM has an experienced team, which has delivered robust risk-adjusted outcomes.



Investment style: core

Market cap bias: large

Number of stocks: 30-40

Appointed: 2010

Established: 2005

Location: Sydney

Manages: *Advance Australian Shares Multi-Blend Fund (with other managers)*



Investment style: conservative

Market cap bias: none

Number of stocks: 40-60

Appointed: 2002

Established: 1961

Location: Sydney

Manages: *Advance Australian Shares Multi-Blend Fund (with other managers)*

Investment philosophy/process:

Northcape is an independent, privately-owned investment manager dedicated to the management of equities. It's majority-owned by its four founders, with a significant minority interest now also held by members of the small cap team. Northcape believes value can be consistently added by taking advantage of short-term market inefficiencies through performing thorough bottom-up company research. Its multiple portfolio manager investment process allows freedom of investigation, analysis, valuation and judgement.

Other key points:

Each portfolio manager runs a portfolio and also does company analysis. This differs from many investment managers who typically separate the research role from the portfolio management role.

Investment philosophy/process:

Schroders uses an active bottom-up approach to isolate stocks that are able to grow shareholder value in the long term and provide rates of return higher than their cost of capital. By taking a longer-term view, Schroders avoids attempting to time the market or economic cycles. Risk management is a key focus for Schroders with a prudent approach taken to portfolio construction at the stock, sector and total portfolio levels.

Other key points:

Schroders' collegiate portfolio construction approach facilitates full buy in of stock positions by investment team members.

Australian Smaller Companies



Investment style: small/ micro cap

Market cap bias: small cap

Number of stocks: 20-40

Appointed: 2005

Established: 1997

Location: Sydney

Manages: *Advance Australian Smaller Companies Multi-Blend Fund (with other managers)*



Investment style: small cap

Market cap bias: small cap/
micro cap

Number of stocks: 25-60

Appointed: 2007

Established: 1998

Location: Melbourne

Manages: *Advance Australian Smaller Companies Multi-Blend Fund (with other managers)*



Investment style: core

Market cap bias: small cap

Number of stocks: 30-40

Appointed: 2009

Established: 2005

Location: Sydney

Manages: *Advance Australian Smaller Companies Multi-Blend Fund (with other managers)*

Investment philosophy/process:

Celeste is an active bottom-up stock picker that focuses on the investment merits of individual stocks rather than shorter term market and economic trends. Celeste places a strong emphasis on understanding the business models, management and accounts of the companies it selects for long-term investment. It avoids evolving companies with uncertain cash flows as part of its management of the risk of investing in smaller companies.

Other key points:

Celeste is a subsidiary of Washington H. Soul Pattinson group.

Investment philosophy/process:

Contango is a thematic manager that's able to add value from top-down macroeconomic themes as well as in-depth stock analysis. Contango's top-down approach to selecting favoured sectors is a distinguishing factor, which enables it to more appropriately price stock opportunities based on current conditions.

Other key points:

Contango has a very experienced team, complementing the qualitative top-down process. Portfolio construction incorporates qualitative top-down risk as well as quantitative risk measures.

Investment philosophy/process:

Northcape is an independent, privately-owned investment manager dedicated to the management of equities. It's majority-owned by its four founders, with a significant minority interest now also held by members of the small cap team. Northcape believes value can be consistently added by taking advantage of short-term market inefficiencies through performing thorough bottom-up company research. Its multiple portfolio manager investment process allows freedom of investigation, analysis, valuation and judgement.

Other key points:

Each portfolio manager runs a portfolio and also does company analysis. This differs from many investment managers who typically separate the research role from the portfolio management role.

Tribeca

Investment Partners

Investment style: value bias

Market cap bias: small cap

Number of stocks: 40-60

Appointed: 2002

Established: 1998

Location: Sydney

Manages: *Advance Australian
Smaller Companies Multi-Blend
Fund (with other managers)*

Investment philosophy/process:

Tribeca believes that value can be added through detailed bottom-up stock research, a disciplined valuation system and comprehensive assessment of the risk drivers within the portfolio. A comprehensive and systematic valuation approach is used to identify undervalued companies across the market, while unintended and unrewarded risks within the portfolio are minimised through Tribeca's assessment of the macro and micro characteristics.

Other key points:

Tribeca is a boutique manager whose key personnel have equity ownership in the business.

International Shares



Investment style: core

Market cap bias: none

Number of stocks: 600-900

Appointed: 2009

Established: 1998

Location: Greenwich CT

Manages: *Advance International Shares Multi-Blend Fund (with other managers)*



Investment style: thematic

Market cap bias: none

Number of stocks: 90-120 (approx)

Appointed: 2009

Established: 1994

Location: Sydney

Manages: *Advance International Shares Multi-Blend Fund (with other managers)*

Mellon Capital

Investment style: passive

Market cap bias: n/a

Number of stocks: 1600 (approx)

Appointed: 2004

Established: 1983

Location: San Francisco

Manages: *Advance International Shares Multi-Blend Fund (with other managers)*

Investment philosophy/process:

AQR's investment philosophy is based on the fundamental concepts of value and momentum. It applies both concepts through the use of numerous proprietary indicators across many markets. AQR's investment process is quantitative and model driven, with teams conducting ongoing research on security selection indicators, portfolio construction, optimisation, trading techniques and technology.

Other key points:

Value and momentum make a powerful combination. The key to this combination lies in the significant negative correlation between the two strategies, which produces an investment that preserves the expected return of both strategies but has dramatically lower volatility.

Investment philosophy/process:

Lazard's business is a diversified, global investment platform that focuses on managing assets. Its team based approach to portfolio management helps deliver robust and consistent performance over time. It aims to understand and exploit changes in the global economy.

It doesn't seek unique sources of information but does apply unique thematic analysis.

Other key points:

Its global Thematic Equity team believes major companies compete for customers and capital in a single global marketplace; therefore investing requires a global perspective. With geographic boundaries becoming less relevant, the team focuses on its global connections, relationships and themes rather than, for example, geographic regions or traditional industry sectors.

Investment philosophy/process:

Mellon Capital uses a disciplined and structured process to fully replicate the index's allocation to securities and sector weights, thereby minimising risk. Mellon Capital's global equity index strategy is fully hedged back into Australian dollars. This is achieved through the use of highly liquid currency forward contracts, and generally ensures that the strategy's returns are not influenced by movements in overseas currency exchange rates. The currency hedge is then reset at regular intervals to adjust for market movements or cash flows and generally ensures a fully-hedged position at all times.

Mellon Capital

Investment style: specialist
currency manager

Market cap bias: n/a

Number of stocks: n/a

Appointed: 2008

Established: 1983

Location: San Francisco

Manages: *Active currency strategy
for the Advance International
Shares Multi-Blend Fund
(with other managers)*



INVESTMENT MANAGEMENT

Investment style: quality bias

Market cap bias: large

Number of stocks: 80-100

Appointed: 2009

Established: 1924

Location: Boston

Manages: *Advance International
Shares Multi-Blend Fund
(with other managers)*



Asset Management

(Specialist currency manager)

Investment style: specialist
currency manager

Market cap bias: n/a

Number of stocks: n/a

Appointed: 2008

Established: 1998

Location: Paris

Manages: *Active currency strategy
for the Advance International
Shares Multi-Blend Fund
(with other managers)*

Investment philosophy/process:

Mellon Capital implements its Active Currency strategy using a fundamentally driven systematic investment process that's highly disciplined. The model-based approach uses real time forward-looking inputs designed to construct a well-diversified, optimal portfolio. Inputs are updated throughout the day and risk is rigorously monitored, with long and short exposures taken to achieve the desired active risk target.

Investment philosophy/process:

MFS' investment philosophy is based upon active management identifying inefficiencies in global markets and investing in high quality companies at attractive valuations which have above average sustainable earnings growth.

MFS believes original, fundamental, bottom-up research is the best means of uncovering such companies, and that stocks trading at a discount to their expected growth rate should outperform the market.

Other key points:

MFS places emphasis on building a portfolio of quality stocks at good valuations and taking advantage of longer-term market inefficiencies and outperformance of quality stocks over time.

Investment philosophy/process:

OAM believes that a clear and systematic investment approach combined with a rigorous risk/control framework can best deliver attractive and consistent risk-adjusted returns to clients. All currency management decisions are based on a sound and rational quantitative framework (of objective data-based currency management strategies) with only a minimum of human interpretation and emotion.

Other key points:

OAM is a 100% focused currency management specialist, fully dedicated to identifying market anomalies and to systematically extracting value from the currency market using mathematical and statistical methods.



Investment style: dynamic blend

Market cap bias: none

Number of stocks: 400-700

Appointed: 2009

Established: 1961

Location: Sydney

Manages: *Advance International Shares Multi-Blend Fund (with other managers)*

STATE STREET GLOBAL ADVISORS | 

Investment style: passive

Market cap bias: none

Number of stocks: 1600 [approx]

Appointed: 2010

Established: 1991

Location: Sydney

Manages: *Advance International Shares Multi-Blend Fund (with other managers)*



Investment style: value

Market cap bias: small/ mid cap bias

Number of stocks: 40-75

Appointed: 2006

Established: 2006

Location: Los Angeles

Manages: *Advance International Shares Multi-Blend Fund (with other managers)*

Investment philosophy/process:

Schroders Global Dynamic Blend strategy is a unique approach to investment, exploiting the benefits of cyclical diversification by combining innovative benchmark unconstrained Global Quality and Global Active Value equity strategies. By managing both underlying style strategies simultaneously, Schroders relies heavily upon a host of bottom-up insights as well as the current economic regime to determine the appropriate allocation to each strategy.

Other key points:

Responsibility for quantitative research is combined with portfolio management responsibilities – the advantage being that research is focused on improving portfolio returns.

Investment philosophy/process:

State Street aims to provide cost-effective implementation of an indexed portfolio with stringent risk controls and a tight tracking error by adopting an index replication methodology.

Other key points:

State Street's indexed shares strategies are largely facilitated by software that was developed internally by the global Structured Products Group.

Investment philosophy/process:

Tradewinds is a concentrated, benchmark-unconstrained investment manager that focuses on undervalued stocks with strong or impressive franchise quality. Its bottom-up stock selection process is built on robust quantitative screening supported by fundamental analysis. The process relies heavily on the judgement of its investment professionals, utilising different forms of valuation and cash flow analysis. The team has a strong focus on understanding the drivers of sectors and industries. Tradewinds views risk management in an absolute rather than benchmark focused way, although it monitors exposures to ensure diversification.

Other key points:

Tradewinds is an independently-managed subsidiary of US investment firm Nuveen Investments, which was established in 1898.



**TRILOGY
GLOBAL**
ADVISORS

Investment style: growth bias

Market cap bias: none

Number of stocks: 40-60

Appointed: 2009

Established: 1999

Location: New York

Manages: *Advance International
Shares Multi-Blend Fund
(with other managers)*

Investment philosophy/process:

Trilogy follows a consistent bottom-up, growth-oriented investment process based on the belief that future earnings growth is a key determinant of long-term equity returns. The research discipline focuses on identifying companies with a high level of sustainable earnings power or the near-term potential to achieve such earnings power. Accordingly, Trilogy's portfolios contain a mix of both traditional growth companies and early stage growth companies. Trilogy's overall goal is to provide above benchmark returns at a moderate level of risk.

Other key points:

Trilogy's large number of analysts is a crucial component to its investment strategy, which requires extensive company and sector-specific knowledge, as well as sufficient personnel to effectively analyse companies which must survive its quantitative and qualitative process. Trilogy is 100% owned by its staff.

Asian Shares



Investment style: flexible opportunistic

Market cap bias: mid to large cap

Number of stocks: 50-80

Appointed: 2011

Established: 1988

Location: Hong Kong

Manages: *Advance Asian Shares Multi-Blend Fund (with other managers)*



Investment style: agnostic with a quality bias

Market cap bias: none

Number of stocks: 40-60

Appointed: 2011

Established: 1928

Location: Singapore

Manages: *Advance Asian Shares Multi-Blend Fund (with other managers)*

Investment philosophy/process:

TT International's top-down research process highlights risks and rewards specific to countries, industries, politics and currencies. Its goal is to select a small number of markets where strong conviction exists. It uses top-down work to screen out areas of risk and to identify themes it believes will be likely sources of outperformance. If its bottom-up stock selection identifies attractive stocks in an area identified as promising, this usually proves a very fruitful area of investment.

Investment philosophy/process:

The Asia ex Japan approach is based on Wellington's core belief that sharemarkets aren't fully efficient and that intensive, proprietary fundamental analysis can lead to the discovery of mispriced securities. In particular, it believes franchise value is often under-appreciated. Macroeconomic information provides an important backdrop for research on companies, and can be a catalyst for idea generation, but isn't a primary driver of investment decisions in Wellington's approach.

Property



Investment style: fundamental, bottom-up, value-orientated with top-down overlay

Number of stocks: 60-80

Appointed: 2011

Established: 2003

Location: Sydney

Manages: *Advance Property Securities Multi-Blend Fund (with other managers)*



Investment style: active, benchmark unaware, utilising a top-down, bottom-up approach

Number of stocks: 50-60

Appointed: 2007

Established: 1983

Location: New York

Manages: *Advance Property Securities Multi-Blend Fund (with other managers)*

● ● ● Phoenix Portfolios

Investment style: benchmark unaware, valuation based

Number of stocks: Around 20

Appointed: 2011

Established: 2007

Location: Sydney

Manages: *Advance Property Securities Multi-Blend Fund (with other managers)*



Investment style: core, with some emerging markets exposure

Number of stocks: 75-150

Appointed: 2011

Established: 2007

Location: US, London and Singapore

Manages: *Advance Property Securities Multi-Blend Fund (with other managers)*

Investment philosophy/process:

AMP Capital Investors adopts a fundamental, bottom-up, value-based stock selection methodology complemented by a top-down overlay. AMP has a history of generating excess returns for its clients through its fundamental research conducted by local teams, value-based stock selection, and a focus on under-followed, out of favour companies and relatively concentrated portfolios.

Investment philosophy/process:

EII's investment philosophy centres around the belief that superior, risk-adjusted returns can best be achieved by investing in a portfolio of high quality real estate companies capable of sustainable and predictable long-term cash flow growth. In assessing the merits of potential investments, it places a high priority on the quality of management, depth of the team and its vision for the company, quality of the real estate assets and competitive advantages.

Investment philosophy/process:

Phoenix believes that over the long-term, superior investment performance can be achieved by investing in attractively priced companies as determined by fundamental bottom-up analysis. Phoenix deliberately goes outside the top ten stocks and takes positions in mid-small cap securities which in its view are not well researched and often priced inefficiently.

Investment philosophy/process:

Principal's stock selection seeks the most reliable and repeatable source of outperformance (alpha generation), and considers disciplined portfolio construction to be the key to consistency over time (alpha preservation). Principal believes integrated quantitative and qualitative fundamental research is a key driver to superior stock selection.

Australian Fixed Interest



Investment style: active, balanced mix of duration, sector allocation and issue selection

Market segment: sovereign and corporate bonds

Appointed: 2005

Established: 1998

Location: Sydney

Manages: *Advance Australian Fixed Interest Multi-Blend Fund (with other managers)*



Investment style: active

Market segment: sovereign and corporate bonds

Appointed: 2010

Established: 2006

Location: Sydney

Manages: *Advance Australian Fixed Interest Multi-Blend Fund (with other managers)*

Investment philosophy/process:

Colonial First State uses derivatives to manage the duration exposure of the portfolio. This allows Colonial First State to focus on security selection separate to duration decisions that take advantage of the interest rate cycle. Its disciplined approach to corporate debt investment controls risk through careful selection and monitoring, combined with broad diversification. The increased credit risk of corporate debt means that these investments have the potential to deliver higher returns over the medium term compared to government bonds.

Investment philosophy/process:

Perennial is a specialist, active fixed income and cash investment manager. It believes the best decisions are made through careful assessment of economic and market fundamentals over the medium to long-term. It also believes investment markets often get carried away with prevailing market sentiment so exploitable opportunities can be created for the long-term investor.

International Fixed Interest



Investment style: active, top-down and bottom-up

Market segment: global bonds

Appointed: 2008

Established: 1971

Location: London

Manages: *Advance International Fixed Interest Multi-Blend Fund (with other managers)*



Investment style: active and bottom-up

Market segment: global bonds

Appointed: 2005

Established: 1978

Location: Boston

Manages: *Advance International Fixed Interest Multi-Blend Fund (with other managers)*



Investment style: team based diversified approach

Market segment: global bonds

Appointed: 2010

Established: 1928

Location: Boston

Manages: *Advance International Fixed Interest Multi-Blend Fund (with other managers)*

Investment philosophy/process:

Global Multisector

Franklin Templeton identifies specific undervalued issues for investments within each sector, setting price targets and investment time horizons. The lead portfolio managers implement relative value and/or directional strategies across discretionary portfolios, tailored to meet individual portfolio objectives and constraints.

The Quantitative Research Group evaluates risks related to sector, yield curve and issuer positions.

Investment philosophy/process:

Standish's process is disciplined with a strong emphasis on risk control. Its approach is team-based with an emphasis on bottom-up, fundamental research and analysis conducted by the sector strategists. The sectors are: US investment grade credit, non-US investment grade credit, structured finance, global high yield and emerging market debt. The primary source of value added comes from active sector allocation and credit migration strategies. Standish doesn't seek to add value through duration strategies. It combines both qualitative insight and quantitative inputs for each source of added value.

Investment philosophy/process:

Wellington's Global Aggregate investment approach seeks to generate consistent excess returns through the combination of lowly correlated investment strategies developed by its five highly specialised investment teams. Each team has a unique area of focus, which is sector, region or investment style based.

This unique team structure ensures Global Aggregate portfolios are highly diversified leading to more consistent risk-adjusted returns in a wide variety of market environments. The objective of Wellington's Global Aggregate investment process is to identify a diversified set of independent investment ideas, efficiently allocate capital to those investment ideas, and to transparently manage portfolio risk.

Growth Alternative Strategies

RAMIUS

A Cowen Group Company

Investment style: active, top-down

Appointed: 2011

Established: 1974

Location: New York

Manages: *Advance Alternative Strategies Multi-Blend Fund (with other managers)*

Investment philosophy/process:

Ramius' specialist research is overlaid with Advance's own top-down macro research and analysis.

In addition to this, Ramius recognises return drivers introduce different exposures and portfolios of exposures across asset classes. As a result, Ramius believes that a robust exposure measurement process is critical in the customisation process and in managing client portfolios within a predetermined risk. Ramius focuses its research on top-tier managers with institutional infrastructures and substantial depth of experience of managing through various market cycles.

Defensive Alternative Strategies

KAPSTREAM CAPITAL

Investment style: absolute return

Appointed: 2010

Established: 2006

Location: Sydney

Manages: *Advance Diversified Multi-Blend Funds (with other managers)*

Investment philosophy/process:

Kapstream aims to generate absolute returns over multiple business cycles by incorporating high quality/ high conviction trades into the portfolios. The driving force in the overall investment philosophy is capital preservation with a steady stream of income.

Other key points:

The outcome of Kapstream's process is to construct a dynamic portfolio with numerous positions across all speciality areas resulting in a consistent return over the cash rate.

Commodities



Investment style: enhanced index

Appointed: 2006

Established: 1994

Location: New York

Manages: *Advance Diversified Multi-Blend Funds (with other managers)*

Investment philosophy/process:

Credit Suisse offers an enhanced indexed approach to managing indexed commodities. Credit Suisse aims to provide a total return in excess of the Goldman Sachs Commodity Index Total Return Index by actively managing two components of the strategy – the roll yield and the collateral yield, while the spot return is managed neutral to the index. Total return is derived from three sources.

- 1. Spot return** – performance from the derivatives will largely result from the change in prices of commodities within the index.
- 2. Roll return** – captured by rolling derivative contracts forward and is the difference between entry and exit prices of the contracts.
- 3. Collateral return or cash rate** – return on the Fund's cash investments.

Cash



Investment style: diversified strategies, top-down and bottom-up

Appointed: 2011

Established: 1969

Location: Sydney

Manages: *Advance Cash Multi-Blend Fund (with other managers)*

Investment philosophy/process:

BTIM uses a wide range of investment strategies, including duration (both interest rate and credit), yield curve, sub-sector rotation (government versus semi-government versus corporate), issuer selection and security selection. BTIM has a trading and exposure management team that integrates trading, risk management and compliance monitoring to ensure the portfolio manager is fully aware of the market risks at all times.



IMS Funds Management

Investment style: top-down, research driven approach with short-term and economic focus

Appointed: 2004


Established: 1991

Location: Melbourne

Manages: *Advance Cash Multi-Blend Fund (with other managers)*

Investment philosophy/process:

IMS aims to anticipate the interest rate cycle and adds value by either investing in longer-term securities, if it believes interest rates will fall, or switching into shorter-term investments when it anticipates increases in interest rates.



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