Quarterly commentary

ADVANCE INVESTIGATE

ADVANCE TRADEWINDS GLOBAL EQUITIES FUND

as at 31 December 2009

WHOLESALE FUND RETURN AS AT 31 DECEMBER 2009[1]

	3 months (%)	6 months (%)	1 year (%)	Inception[2] (% p.a.)
Growth Return	2.10	3.76	11.94	2.17
Distribution Return	1.73	5.35	5.77	3.92
Total Return	3.83	9.11	17.71	6.09
MSCI All Countries World Accumulation Index ($A)	2.67	10.85	4.37	-9.47

[1] 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.
[2] Inception date is 31 August 2008.

Past performance is not a reliable indicator of future performance.

FUND COMMENTARY

The Advance Tradewinds Global Equities Fund, managed by Tradewinds Global Investors (Tradewinds), outperformed the benchmark over the December quarter. The Fund has outperformed the benchmark by over 15% since it was launched in August 2008.

MARKET PERFORMANCE

In absolute terms, the rally in global equity markets continued in the final three months of the year, but in comparison to the two preceding quarters, global equity markets paused, perhaps to digest the explosive gains that were recorded since March. The MSCI All Country World Index posted a return of 3.83 percent as equity returns in the Emerging Markets and US rallied on the prospects of continued growth in emerging economies as well as re-emergence of growth in the US. China, in particular, surpassed even the rosiest economic forecasts when the government reported a 16 percent year-over-year rise in both industrial output and retail sales from October of 2008. Indeed, the fourth quarter rally was not a smooth one, as market participants appeared to extrapolate each piece of economic data into sustained hopes and/or fears for future economic activity. US banks were able to take advantage of the opportunity afforded by rising equity prices to pay back the billions borrowed under the Troubled Asset Relief Program (TARP) and thus minimize, or rid themselves of, government oversight. Overall, optimism prevailed as equity and commodity prices gained, while market interest rates rose in Europe and the US on perceptions of increased economic activity.

The financial markets faced numerous obstacles during the period. Rating agencies downgraded the sovereign debt of Greece and threatened to downgrade Spain's obligations. Dubai World announced over Thanksgiving that it would need to restructure its debt. In response to the financial crisis, the Bank for International Settlements issued its paper, the so-called "Basel III" proposing stricter regulations regarding banks' capital and liquidity requirements. Investors are still divided over how the various proposals to address US healthcare coverage will impact industry participants. Each news event was followed by market declines and a rise in volatility, however, in aggregate, the markets pressed forward during the period. For the quarter, as measured by the MSCI All Country World Index, materials, information technology and health care were the best performing sectors - while the financials, utilities, and telecommunication services sectors either turned in slightly negative returns or posted low single digit numbers.

FUND PERFORMANCE

Much of the Fund's relative outperformance for the fourth quarter was due to its significant over-exposure to and stock selection in the materials sector and to its significant under-exposure in the financial sector. The Fund's return in the period was most impaired on a relative basis by sector exposure and stock selection in the telecommunication services sector and stock selection in the consumer staples sector. For the year to-date period, Fund outperformance versus the benchmark was primarily due to stock selection in the energy and consumer staples sectors, while the consumer discretionary sector detracted from performance.

Two of the quarter's top absolute performers were from the materials sector. Canadian-based gold mining company Gabriel Resources Limited was the Fund's top contributor to performance during the period. The company owns 80 percent of the Rosia Montana Project, one of the largest undeveloped gold projects in the world. In November, the company announced the addition of a major shareholder, and the news significantly lifted the company's stock price. The market thinks that the mining industry and regional expertise of the new investor will help with the Romanian government permits needed to develop the Rosia Montana mine. Lihir Gold Limited, a gold producer in the Australasian region, was also among the best contributors to performance. Investors reacted positively to the discovery of new reserves at the company's Lihir Island gold mining operations accompanied by an improvement in the project's economics.

Brazilian electric utility, Centrais Eletricas Brasileira SA, was another top performer. After lagging its Brazilian peers significantly throughout 2009, the stock's performance caught up this period. U.S. coal producer, Peabody Energy Corporation, the largest coal producer in the world with international operations, was also one of the best performers for the period. Peabody's stock outperformed because international coal prices have recovered and market expectations have improved.

The worst detractor from the Fund's performance during the quarter was Nippon Telegraph & Telephone (NTT). NTT, Japan's largest telecom company, underperformed as operating profits declined 13 percent for its fiscal first half ended September 2009. Swiss-based UBS AG, a wealth management, investment banking, and asset management firm with offices in over 50 countries, led the underperformance in the financial sector. UBS retreated slightly this quarter perhaps driven by its strong outperformance against the sector in the third quarter.

OUTLOOK

We end the year and the decade with equity markets reaching 12 month highs, yet with investors struggling to understand the dynamics of the global post-crisis recovery. Will economies be able to resume the growth that they enjoyed prior to this global recession or will we witness a sea change in both the magnitude and composition of economic activity? Tradewinds believe that no matter what the outcome, there will be companies that have the necessary resources, capital structures, distribution networks, products and services to thrive despite economic headwinds. Markets, by their nature, will under or over assess the value of franchises and continue to provide opportunities for patient investors.

As such, Tradewinds have been selectively adding to consumer goods companies and have found compelling cases for select companies in Japan.

SECTOR ALLOCATIONS

Sector	Fund (%)	Benchmark (%)
Energy	12.19	11.61
Materials	20.42	8.28
Industrials	11.41	10.01
Consumer discretionary	3.00	8.80
Consumer staples	13.59	9.58
Health care	6.10	9.00
Financials	6.30	21.53
Information technology	4.07	11.76
Telecommunications services	9.10	4.97
Utilities	6.53	4.45
Cash	7.28	-
TOTAL	**100**	**100**

TOP 10 PORTFOLIO HOLDINGS

	Fund (%)	Benchmark (%)
Nippon Telegraph & Telephone	3.70	0.09
Barrick Gold Corp	3.50	0.18
Newmont Mining Corp	3.30	0.10
Centrais Elec Bras-Adr Pref	2.55	-
Gabriel Resources Limited	2.37	-
Tyson Foods Inc-Cl A	2.36	0.02
Cameco Corp	2.16	0.06
Lihir Gold Ltd	2.12	-
Thales Sa	2.10	0.02
Kao Corp	2.08	0.06