

Advance Australian Shares Multi-Blend Fund (the Fund)

Monthly report to 30 Apr 2023

ARSN 087 296 008

APIR ADV0045AU

Fund overview

Commencement date	31 May 1998
Fund size (AUD)	\$1,545.8m
Benchmark	S&P/ASX 300 Accumulation Index
Recommended investment timeframe	At least 5 years
Risk label	High
Minimum initial investment	\$5,000
Distribution frequency	Quarterly
Investment management fee pa*	0.75%

*Additional fees and charges may apply.

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.

Investment strategy

The Fund predominantly invests in a wide range of Australian shares listed, or expected to be listed, on the Australian Securities Exchange.

Investment managers

Advance Asset Management Limited ('AAML') selects investment managers for the Fund and we manage and monitor the managers on your behalf. Therefore we may remove, replace, or appoint additional investment managers at our discretion at any time.

For information on the Fund's investment managers, please refer to the Manager List for the Fund available at mercer.com.au/mercerfunds.

Performance review

Total return	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	Since Inception % pa
After fees and costs ¹	1.5	-1.1	2.2	13.7	7.4	8.8	8.0
Benchmark	1.8	-1.0	2.1	14.0	8.2	9.1	8.5

Notes: **Past performance is not a reliable indicator of future performance.**

Returns are calculated using month end exit prices and assume distributions are reinvested. Returns over 12 months are annualised.

1. Performance figures are calculated after deduction of investment management fees and costs, and any applicable performance fees. See the PDS for details of current fees and costs.

Market update

In April, risk asset returns in developed markets were mostly positive, while defensive assets also provided modest gains. Emerging market equities were lower than their developed market counterparts due to the weakness in Chinese stocks

News flow during April was fairly quiet until the last week of the month when banking concerns resurfaced, as First Republic Bank came under pressure and was ultimately acquired by J.P. Morgan. Equity market volatility ended the month at its lowest level since late-2021, despite a brief spike during the last week of the month. Major economies remained resilient, driven largely by service activity. US GDP for Q1 2023 rose at a 1.1% annualised rate, which was below expectations. Consumer confidence remained on the rise and labour markets remained tight, in spite of high profile layoffs in the US.

Headline inflation continued to decline in major economies, reaching 5.0% in the US, its lowest level since mid-2021. In the UK, inflation fell by less than expected and remained above 10.0%, the highest rate in major developed economies. The People's Bank of China and Reserve Bank of Australia left key lending rates unchanged.

Over April, Hedged Developed Markets Overseas Shares returned 1.6%. Even though the US earnings season delivered a fair number of positive EPS surprises relative to expectations, the earnings decline over the first quarter is set to be the largest since the second quarter of 2020. Returns were positive for most sectors with Consumer Staples delivering the largest gains for the month. Value outperformed growth among large- and mid-cap stocks, while growth outperformed among small-caps. Emerging Market Shares (UH) underperformed unhedged Overseas Shares in April. Weakness in China outweighed the better performance from India and Brazil.

Hedged Overseas Government Bonds returned 0.2% over the month as bond yields generally saw modest changes for most countries during the month. In the US, the 10-year bond yield fell by 4bps, while the 30-year yield was flat. In developed markets outside the US, 10-year yields rose by 6bps for Japan and 23bps for the UK. US inflation expectations, as measured by the 10-year inflation breakeven rate, fell from 2.3% to 2.2%. Australian Government Bonds were flat over the month.

Lending conditions remain somewhat stressed due to banking concerns but bond markets have remained fairly calm. Credit spreads generally declined during the month, with investment-grade spreads falling 2bps and high yield spreads declining 3bps.

Australian Shares returned 1.8%, underperforming their overseas counterparts in April. Real Estate (5.2%) and IT (4.5%) were the strongest sectors, meanwhile Materials (-2.6%) and Utilities (1.4%) were the largest detractors.

Australian shares

The Australian share market outperformed its hedged overseas counterpart over the month as the S&P/ASX300 Index returned 1.8%. The S&P/ASX Mid 50 Accumulation Index was the strongest relative performer, returning 3.5%, while the S&P/ASX 50 Accumulation was the weakest, returning 1.5% over the month.

The best performing sectors were Real Estate (5.2%) and IT (4.5%), while the weakest performing sectors were Materials (-2.6%) and Utilities (1.4%). The largest positive stock contributors to the index return were CSL, ANZ and NAB with absolute returns of 4.4%, 6.7% and 4.4%, respectively. In contrast, the most significant detractors were BHP, Rio Tinto and Fortescue Metals with absolute returns of -5.4%, -6.1% and -6.2%, respectively.

Further Information

Please contact your financial adviser or:

Go to mercer.com.au/mercerfunds

Email InvestorHelpAU@mercer.com

Call 1300 728 928

Disclaimer

This Factsheet has been prepared by Advance Asset Management Limited (AAML), ABN 98 002 538 329, Australian Financial Services Licence 240902. AAML is the Responsible Entity of the Fund. AAML is a wholly owned subsidiary of Mercer (Australia) Pty Ltd ABN 32 005 315 917 ('Mercer Australia'), which is part of the Mercer global group of companies ('Mercer'). 'MERCER' is a registered trademark of Mercer (Australia) Pty Ltd.

This Factsheet contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

Investors should be aware that the value of an investment in any AAML Funds may rise and fall from time to time and that neither AAML nor Mercer guarantees the investment performance, earnings or return of capital invested in any AAML Funds. Past performance does not guarantee future results.

If you are investing in or considering an investment in any AAML Fund, you should note that the information contained in this factsheet is general in nature only, and does not constitute any recommendation or advice. It does not take into account your personal needs and circumstances.

You should refer to the Product Disclosure Statement (PDS), Financial Services Guide (FSG) and Target Market Determination (TMD) (available at mercer.com.au/mercerfunds) before making a decision about the product and consider seeking independent advice from a professional financial advisor if you are unsure what action to take.

- If you are a direct investor who meets the eligibility criteria detailed in the PDS please complete the accompanying application form or;
- If you are investing through an Investor Directed Portfolio Service (IDPS) or an IDPS-like service (such as a master trust, wrap account, custody or nominees service), complete the forms your provider requires.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. Information contained herein has been obtained from a range of third party sources, including underlying investment managers. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

Where AAML has appointed third party manager/s as the investment manager of the Fund, the relevant investment manager has consented to the statements pertaining to it in this document, in the form and context in which they appear and has not withdrawn its consent as at the date this document was published.

This document does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products or constitute a solicitation on behalf of any of the investment managers, their affiliates, products or strategies that Mercer may evaluate or recommend.

Copyright 2023 © Advance Asset Management Limited – part of the Mercer global group of companies ("Mercer"). All rights reserved.