



# AMP International Share Enhanced Index

Quarterly Investment Option Update

30 September 2019

## Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, higher than the return from the benchmark on a rolling 12-month basis. The portfolio invests in international shares and partially replicates the MSCI World (ex-Australia) (ex Tobacco) Index. Some of the portfolio's underlying managers may use short selling with the aim of implementing the investment objectives. The investment option may be geared, but in normal circumstances, the investment option will be no more than 100% exposed to international share market movements, after taking into account derivative positions. In normal circumstances, the investment option is unhedged to Australian dollars.

## Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Global Shares
<b>Suggested minimum investment timeframe</b>	7 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Enhanced Index
<b>Manager style</b>	Single

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
International shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	94.44
Australian Shares	0.49
Listed Property and Infrastructure	3.09
Others	0.10
Cash	1.88

<b>Sector Allocation</b>	<b>%</b>
Information Technology	16.61
Financials	14.67
Health Care	11.57
Consumer Discretionary	10.86
Industrials	10.75
Consumer Staples	8.16
Communication Services	7.60
Energy	4.32
Utilities	4.24
Materials	4.07
Real Estate	3.46
Unclassified	1.80
Cash	1.42
Others	0.49

<b>Top Holdings</b>	<b>%</b>
Microsoft Corp	2.37
Apple Inc	1.95
Henderson Global Equity Multi Strategy Fund	1.80
Alphabet Inc	1.69
Amazon.com Inc	1.64
Facebook Inc	0.99
Nestle SA	0.90
Procter & Gamble Co/The	0.83
JP Morgan Chase & Co	0.77
Berkshire Hathaway Inc	0.73

Region Allocation	%
North America	66.51
Europe ex UK	16.38
Japan	8.05
United Kingdom	5.23
Cash	1.90
Asia ex Japan	1.83
Australasia	0.10

## Market Review

International shares climbed higher in the September quarter, with the MSCI World ex Australia index rising by 1.50% over the period. Markets started the quarter positively amid generally good US corporate earnings and hopes of a favourable US-China outcome. A pull-back then occurred in August and some volatility emerged as speculation rose in regard to the sustainability of global (and particularly US) growth. Mixed messages on monetary policy from the Fed also didn't help. Global markets then recovered to higher levels in September amid continued volatility. Drivers included central bank interest rate reductions and commentary (as the US Federal Reserve reduced the Federal Funds Rate range by a further 25 basis points to 1.75-2.0%), the drone strike in Saudi Arabia, as well as some small but positive US-China trade developments. Emerging markets however struggled during the quarter and underperformed their developed-market counterparts, with the MSCI Emerging Markets accumulation index finishing down by 2.07%. Geopolitical volatility, trade war fears and sovereign debt issues were all contributing factors. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

Global share markets remain at risk of further weakness in the months ahead on the back of the ongoing US-China trade dispute, Middle East tensions, and mixed economic data as we are in a seasonally weak part of the year for shares.

However, valuations are reasonable, particularly when compared against low bond yields. Global growth indicators are expected to improve by next year and monetary and fiscal policy are becoming more supportive, all of which should support decent gains for share markets on a 6-12 month horizon.

During the current turbulent period, quality companies with solid defensive properties may present the best opportunities for risk-adjusted returns.

## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0994AU*
Flexible Lifetime - Investments (Series 2)	AMP1396AU

\*Closed to new investors

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