

Future Directions Asian Share

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

To provide high returns over the long term, while accepting a higher level of volatility, through a diversified portfolio of international shares within the Asia (ex-Japan) universe. The objective is to provide a total return, after costs and before tax, above the return from the MSCI All Country Asia ex Japan Net Index on a rolling 3 to 5 years basis.

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Global Shares
Suggested minimum investment timeframe	7 years
Relative risk rating	Very High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International shares	100
Cash	0

Actual Allocation	%
International Shares	95.86
Listed Property and Infrastructure	2.53
Others	0.18
Cash	1.43

Sector Allocation	%
Information Technology	25.16
Financials	23.12
Consumer Discretionary	12.85
Real Estate	9.28
Communication Services	7.99
Consumer Staples	5.05
Industrials	4.34
Utilities	4.01
Energy	3.17
Health Care	1.73
Materials	1.69
Cash	1.43
Others	0.18

Top Holdings	%
TSMC	7.14
Samsung Electronics Co Ltd	7.12
Alibaba Group Holding Ltd	6.20
Tencent Holdings Ltd	3.70
PING AN	2.76
AIA Group Ltd	2.76
Infosys Ltd	2.36
Cheung Kong Holdings Ltd	2.07
CNOOC Ltd	1.93
China Telecom Corp Ltd	1.84

Region Allocation	%
Asia ex Japan	97.60
Cash	1.43
North America	0.80
Others	0.18

Fund Performance

The Fund posted a negative absolute return (before fees) and outperformed its benchmark over the September quarter. One of the two underlying managers posted a positive return and outperformed the benchmark, with Lazard achieving the strongest performance.

Stock selection was the key driver of Fund performance, making a positive contribution to relative returns. Sector allocation also contributed to performance, whereas country allocation detracted from relative returns.

At the country level, an overweight position in Hong Kong, and an underweight position in Taiwan were the main detractors from performance. An overweight position in China was the main contributor. At the sector level, an overweight position in information technology and being underweight materials were the main contributors to relative returns. An overweight position in real estate was the main detractor.

At the security level, the main contributor to relative returns was an overweight position in semiconductor manufacturer Taiwan Semiconductor Manufacturing (+24%), which confirmed that its earnings were upgraded as countries look to roll out 5G wireless networks, including China's national 5G roll out which is set to commence in October. Other contributors included overweight positions in Chinese pharma CSPC Pharmaceutical Group (+30%) and Indian IT services company Infosys (+11%). Conversely, the largest detractor from relative returns was an overweight holding in Hong Kong conglomerate Swire Pacific (-20%), which saw its stock price fall during the period on the back of the company's exposure to retail property in Hong Kong, with the ongoing political unrest weighing on market sentiment during the period. Other detractors included overweight positions in Indonesian bank PT Bank Negara Indonesia (-17%) and Hong Kong-based Wharf Real Estate Investment Co. (-17%).

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, 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%, with most major Asian markets declining. 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
AMP Flexible Lifetime Super	AMP1197AU*
AMP Flexible Super - Retirement account	AMP1344AU*
AMP Flexible Super - Super account	AMP1473AU*
CustomSuper	AMP1197AU*
Flexible Lifetime - Allocated Pension	AMP1201AU*
Flexible Lifetime - Investments (Series 1)	AMP1205AU*
Flexible Lifetime - Investments (Series 2)	AMP1408AU*
SignatureSuper	AMP1211AU*
SignatureSuper - Allocated Pension	AMP1220AU*

*Closed to new investors

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