

Arrowstreet Global Equity

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

To achieve a long-term total return (before fees and expenses) that exceeds the MSCI All Country World ex-Australia Index, in Australian dollars unhedged with net dividends reinvested. The portfolio provides exposure to a diversified portfolio of global equities which may include securities listed in emerging markets as well as securities of small capitalisation companies. The option will not invest in 'tobacco' securities as defined by Global Industry Classification Standards (GICS) and 'controversial weapon' securities as defined by MSCI, Inc. The option is actively managed using a quantitative approach and stock selection modelling to evaluate securities on an integrated basis to exploit tactical opportunities across different factors with the aim of controlling risk relative to its benchmark and maximising the likelihood of outperforming its benchmark. Arrowstreet's stock selection models are designed to:

- understand what information is likely to impact stock prices and obtain the information to forecast individual stock returns by evaluating a stock's potential on the basis of a diverse set of direct and indirect effects, and
- identify particular signals or segments of the market that exhibit the greatest mispricing (or inefficiencies) at any point in time.

The option may use derivatives to manage currency risk arising from differences in the currency weights of the portfolio's investments compared to its benchmark. The portfolio's exposure to foreign currencies is not hedged back to Australian dollars.

Investment Option Performance

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

Investment Option Overview

Investment Category	Global Shares
Suggested Investment timeframe	7+ years
Relative risk rating	6/ High
Investment style	Core
Manager Style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100.00	98.94
Cash	0.00	1.06

Sector Allocation	%
North America	50.96
Europe ex UK	23.62
Emerging markets	9.37
Japan	6.27
United Kingdom	6.24
Asia ex Japan	2.47

Regional Allocation	%
Information technology	24.19
Financials	15.63
Consumer discretionary	13.92
Health care	12.76
Industrials	7.79
Consumer staples	6.36
Utilities	5.48
Communication services	4.86
Materials	4.68
Energy	2.48

Top Holdings	%
Mastercard Inc	2.31
Roche Holdings Ag	2.21
Visa Inc	2.07
Starbucks Corp	1.90
Microsoft Corp	1.88
Allianz Se	1.43
Samsung Electronics	1.36
Bhp Group Plc	1.27
Intel Corp	1.24

Market Commentary

Many of the themes influencing markets in the third quarter were the same as in the second quarter, however risk appetite felt more limited as trade disputes between the US and China simmered. Equity markets saw small gains in North America and the Pacific region; however, returns in Europe and emerging markets were negative. Manufacturing and trade data in Europe and Asia continued to show signs of slowing or contracting. As a result, numerous central banks in developed and emerging markets cut benchmark interest rates and signaled further accommodation to combat tepid inflation and weak growth trends. Developed market bond yields reached or neared historic lows, and in a number of countries, rates plunged further into negative territory.

A sharp rotation from momentum stocks into value stocks occurred in the beginning of September, but largely reversed by the end of the quarter. Energy and Materials were the worst performing sectors for the market over the quarter as oil and industrial commodity prices fell amid global growth and trade woes. Oil prices ended the quarter lower despite a sharp rally in September after an attack on Saudi oil reserves and escalating geopolitical tensions with Iran. High-dividend, defensive sectors such as Utilities and Real Estate outperformed with record low interest rates around the world.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1530AU
AMP Flexible Super - Retirement account	AMP1590AU
AMP Flexible Super - Super account	AMP1578AU
CustomSuper	AMP1530AU
Flexible Lifetime - Allocated Pension	AMP1542AU
SignatureSuper	AMP1554AU
SignatureSuper Allocated Pension	AMP1566AU

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