

Future Directions Asian Share

Quarterly Investment Option Update

31 December 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	94.56
Listed Property and Infrastructure	3.53
Others	0.13
Cash	1.78

Sector Allocation	%
Information Technology	25.48
Financials	23.63
Consumer Discretionary	14.56
Real Estate	10.12
Communication Services	6.26
Industrials	4.54
Consumer Staples	3.77
Energy	3.17
Utilities	2.90
Health Care	2.06
Cash	1.78
Materials	1.65
Others	0.07

Top Holdings	%
Samsung Electronics Co Ltd	7.60
Alibaba Group Holding Ltd	7.39
TSMC	7.29
Tencent Holdings Ltd	3.91
AIA Group Ltd	2.88
PING AN	2.62
CNOOC Ltd	2.09
Cheung Kong Holdings Ltd	1.96
DBS Group Holdings Ltd	1.72
China Merchants Bank Co Ltd	1.64

Region Allocation	%
Asia ex Japan	97.28
Cash	1.78
North America	0.86
Others	0.07

Fund Performance

The Fund rebounded to post a strong positive return (before fees), however underperformed its benchmark over the December quarter. Both underlying managers posted positive returns and underperformed the benchmark, with Investec achieving the strongest performance. The Fund continues to outperform over the longer term, including 1, 3 and 5 years, and since inception (annualised). (All returns are before fees.)

Stock selection was the key detractor from Fund performance, country allocation excluding cash was broadly neutral whereas sector allocation contributed to relative returns.

At the country level, an underweight position in India was the main contributor, whereas an underweight position in Taiwan was the main detractor from performance. At the sector level, an overweight position in information technology and being underweight consumer staples were the main contributors to relative returns. There were not material detractors.

At the security level, the main contributor to relative returns was an overweight position in semiconductor manufacturer Taiwan Semiconductor Manufacturing (+21%), which continued its strong performance as smart phone demand continues to escalate and the ramp-up to 5G fuels support for the stock. Other contributors included overweight positions in Korean electronic device maker Samsung Electronics (+13%) and Chinese online classifieds and listing platform services company 58.com (+26%). Conversely, the largest detractor from relative returns was an overweight holding in China Telecom (-13%), which suffered along with other companies in China's telecom sector due to deteriorating revenue momentum, as irrational price competition from China Mobile increases in advance of the adoption of 5G technology. Other detractors included overweight positions in Chinese online car trading company Autohome (-8%) and Thailand's Bangkok Bank Public Company (-10%).

Market Review

Global share markets were up significantly over the December quarter, with the MSCI World ex Australia index finishing the period up by 7.66%. Drivers included strong US corporate earnings, the announcement of a "phase one" trade deal between China and the US in December, prevailing stimulatory central bank policies around the globe and an emphatic election result in the UK (leading to an apparent resolution to ongoing Brexit delays). Against a backdrop of a solid US economy with generationally low unemployment, these factors combined to spur optimistic investor sentiment around the globe. Indices that were notably strong included the US S&P 500 (up by 9.07%), the Chinese S&P/CITIC300 (up by 7.13%) the European DJ Euro STOXX 50 (up by 5.35%) and the German DAX (up by 6.61%). Emerging markets, meanwhile, produced some of the strongest returns of all; the MSCI Emerging Markets index finishing the quarter up by 9.54% on improving trade relations between China and the US, strong commodity prices and broader positive market-sentiment. Asia led the way with Chinese, Taiwanese and Korean equities posting strong gains, whereas India lagged. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

Heading into 2020, global share valuations continue to look broadly reasonable, particularly when compared against low bond yields. Global growth indicators are expected to improve over the medium term and monetary and fiscal policy have become more supportive, all of which should support share markets on a 6-12 month horizon.

For investors, quality companies which generate strong cashflows 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

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL), AMP Capital Funds Management Limited ABN 15 159 557 724, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (Future Directions Asian Share). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.