

Ausbil 130/30 Focus

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

The underlying fund is a concentrated equity fund which primarily invests in listed or expect to be listed Australian securities that are generally chosen from the S&P/ASX 200 Index and aims to outperform the S&P/ASX 200 Accumulation Index over the long-term.

Ausbil's investment approach is based on the philosophy that the key drivers of stock prices are earnings and earnings revisions. Ausbil uses 'top-down' macroeconomic analysis to target those sectors it believes will be subject to the strongest or poorest earnings and earnings revisions over the next 12 months.

The resulting portfolio will typically hold long positions in approximately 25-50 shares and will typically short around 0-25 shares. Net equity exposure will vary between 80% to 100%.

Investment Option Performance

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

Investment Option Overview

Investment Category	Australian Shares
Suggested Investment timeframe	5 years
Relative risk rating	7 / Very High
Investment style	Specialist – Long/Short
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100	95.93
Cash	N/A	4.07

Sector Allocation	%
Energy	7.47
Materials	20.30
Industrials	7.45
Consumer Discretionary	6.06
Consumer Staples	5.53
Healthcare	8.91
Financials	27.39
IT	0.18
Telecommunication	1.86
Utilities	3.25
Real Estate	7.52
Cash	4.07

Top Holdings	%
BHP	8.38
CSL	7.43
Commonwealth Bank	6.32
ANZ Bank	4.98
National Australia Bank	4.95
Macquarie Group	4.43
Rio Tinto	3.60
Westpac Bank	3.36
Goodman Group	3.16
Aristocrat Leisure	3.16

Portfolio Summary

- Fund performance for the quarter ending December 2019 was +1.36% (gross of fees), versus the benchmark return of +0.68%, as measured by the S&P/ASX 200 Accumulation Index.
- During the quarter, the Fund reduced positions in the Health Care, Materials and Consumer Discretionary sectors. The proceeds were used to increase positions in the Utilities, Energy and Real Estate sectors.

Investment Option Commentary

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) finished 2019 with another positive quarter returning +0.7%. Globally, the Emerging (MSCI EM: +11.9%) outperformed the Developed (MSCI World: +8.7%) equity markets. Within Developed markets, the US (S&P500: +9.1%) outperformed the European (EURO STOXX: +5.4%) and UK (FTSE100: +2.7%) markets.

Domestically, mid-cap stocks (S&P/ASX Mid Cap 50 Accumulation Index: +2.3%) outperformed small cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +0.8%) and large-cap stocks (S&P/ASX 20 Accumulation Index: -0.2%).

Health Care (+13.6%) was the strongest sector across the ASX, followed by Energy (+6.1%) and Materials (+4.5%). Sectors which lagged the market include Financials (-6.3%), Consumer Staples (-2.5%) and Real Estate (-0.5%).

In commodities, Oil strengthened (Brent Oil: +8.3%, WTI Oil: +10.7%) and Coal weakened (Metallurgical Coal: -1.7%, Thermal Coal: -4.3%). Metals were mixed (Copper: +8.0%, Aluminium: +4.7%, Manganese: -6.4%, Lead: -10.0%, Nickel: -19.0%) with Iron Ore unchanged and Steel strengthening (+10.8%).

Market Commentary

The Australian equity market (as measured by the S&P/ASX 200 Accumulation Index) had another positive quarter, returning +2.4%. Mid-cap stocks (S&P/ASX MidCap 50 Accumulation Index: +3.3%) and small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +3.1%) outperformed large-cap stocks (S&P/ASX 20 Accumulation Index: +1.0%).

In commodities, Energy weakened (Brent Oil: -7.1%, WTI Oil: -7.5%, Metallurgical Coal: -8.5% and Thermal Coal: -9.2%). Metals were mixed (Nickel: +36.5%, Cobalt: +24.0%, Lead: 10.9%, Aluminium: -4.4%, Copper: -4.8%, Zinc: -5.3% and Iron Ore: -20.5%). Precious metals performed strongly (Gold: +4.5%, Silver +11.0%, and Platinum: +5.8%).

Consumer Staples (+11.6%) was the strongest sector across the ASX, followed by the Consumer Discretionary (+9.0%), Health Care (+7.2%), Information Technology (+5.4%), Financials (+3.3%) and Real Estate (+3.3%) sectors. Sectors which lagged the market included Utilities (+1.6%), Industrials (+0.8%), Energy (+0.1%), Communication Services (-3.4%) and Materials (-3.5%).

Outlook

December 2019 was a critical turning point for investor sentiment, with the positive resolution of two major impediments weighing on uncertainty, and dragging on global growth. Downside risks to the global economy have receded with the phased agreements on trade and an expected orderly outcome on Brexit. However, some geopolitical risks still remain, including regressive tax policies proposed by leading candidates for the 2020 US election. The Australian economy's downside risks from the consumer and housing sectors have been reduced with the lowering of the cash rate, income tax cuts, ongoing spending on infrastructure, signs of stabilisation in some established housing markets, and through an improving outlook for the resources sector.

The Australian economy's long-run record of uninterrupted growth continues with the support of stimulus measures. GDP growth, after having slowed in 2019, is seen rebounding to a trend pace in 2020, and in 2021. Household consumption is gradually recovering with further income tax cuts likely on the horizon. The housing slowdown has troughed with prices lifting, and volumes lagging. Business and fiscal infrastructure spend is ongoing. The unemployment rate is forecast to trend lower, along with modest wage increases, and core inflation remains below the 2% target.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1814AU
AMP Flexible Super - Retirement account	AMP1782AU
AMP Flexible Super - Super account	AMP1790AU
CustomSuper	AMP1814AU
Flexible Lifetime - Allocated Pension	AMP1808AU
SignatureSuper	AMP1802AU
SignatureSuper Allocated Pension	AMP1796AU

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) 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 ASL, AMP Life 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 (underlying fund). 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.

Neither AMP Life, ASL, any other company in the AMP Group nor underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.