

# Responsible Investment Leaders International Share

Quarterly Investment Option Update

31 March 2020

## Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the MSCI All Country World Index (net dividends reinvested) on a rolling five-year basis. The portfolio invests primarily in international shares diversified by region, industry and company type and is managed using a responsible investment approach. The portfolio may also invest a portion of its assets in emerging markets. In certain market conditions, the portfolio may hold a higher level of cash (see additional information about Responsible Investment Leaders for more information).

## 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>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

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

<b>Actual Allocation</b>	<b>%</b>
International Shares	96.17
Australian Shares	0.74
Listed Property and Infrastructure	1.07
Cash	2.02

<b>Sector Allocation</b>	<b>%</b>
Information Technology	19.52
Financials	16.93
Health Care	15.53
Consumer Staples	10.64
Consumer Discretionary	9.45
Industrials	9.34
Communication Services	6.62
Materials	4.77
Cash	2.16
Energy	2.01
Real Estate	1.86
Utilities	0.69
Others	0.48

<b>Top Holdings</b>	<b>%</b>
Microsoft Corp	2.47
VISA INC	2.17
Sony Corp	1.70
Roche Holding AG	1.66
TSMC	1.37
Amazon.com Inc	1.33
Novo Nordisk A/S	1.31
Cigna Corp	1.31
Nestle SA	1.30
APPLE INC	1.26

<b>Region Allocation</b>	<b>%</b>
North America	48.13
Europe ex UK	20.20
Asia ex Japan	14.93
Japan	8.19
United Kingdom	3.91
Cash	2.16
Others	1.76
Australasia	0.74

## Fund Performance

The Fund slightly underperformed over the March quarter. Sector allocation was the main contributor to the relative performance, however, it was offset by stock selection. Stock selection did however contribute positively within materials, with overweights to Newmont plus Shin-Etsu Chemical and an underweight to BASF adding the most value. Conversely, stock selection in the information technology sector was a major detractor, through underweights to Apple and Microsoft in addition to an overweight to SYNEX. Stock selection in industrials and consumer staples further detracted from performance. At a manager level, C Worldwide outperformed the Fund benchmark, whilst Boston Partners, Lazard and the Ethical Leaders Emerging Markets Fund underperformed.

## Environmental Social Governance

In the first quarter of 2020, the world's focus on ESG (climate change and the environment in particular) has, along with almost everything else, taken a backseat due to the immediate threat and fight against the COVID-19 health crisis and its economic and social impacts. However, this does not mean ESG has lost its relevance and urgency for long-term investors such as us. Resilient business models with strong management and robust corporate governance remain highly relevant.

Ethical Leaders (EL) International Share fund manager, C Worldwide, is currently actively engaging with Nestlé regarding child labour in the cocoa industry. For more than ten years, the cocoa industry has been criticised for its association with child labour in its supply chain, especially in Ghana and the Ivory Coast. The next step is to send the company an investor statement on living income and living wages, discuss it with them and encourage them to sign it.

Also during the quarter, EL Emerging Markets Share fund manager Investec attended the Private Finance for Sustainable Development Conference 2020 hosted by the OECD. Its goal was to further promote a better alignment of global financial flows with Sustainable Development Goals (SDGs). The conference afforded an opportunity for investors, CEOs, donors, policy makers, researchers and other individuals active in impact investing to discuss the developments and milestones reached in 2019 and look at what the focus should be over the coming ten years for SDGs.

## Market Review

The March 2020 quarter was one of the worst periods ever for global share markets as the COVID-19 pandemic rapidly escalated fears around the globe. The MSCI World ex Australia index finished the period down by 20.0%, having briefly reached lows not seen since 2016 before finishing the period with a late rally. Across regions and sectors, few stocks were spared from the falls, as traders continued to sell in favour of cash. Some panic-selling was evident, particularly later in the quarter as fundamentals undoubtedly took a backseat to momentum-trading. In the final week of March, the market was able to recoup some of these losses as the panic-selling dropped off. Price movements in many stocks were further exacerbated by the triggering of stop-losses, as well as some evidence of forced selling from funds in order to meet redemption requests. Emerging markets couldn't escape the sell-off and performed only marginally better than their developed-market peers.

While some apparent-bargains emerged from the sell-off, assessing the near-term hit to earnings and to what degree markets have priced this in is not easy. Indeed, many companies withdrew their forward guidance. A positive for shares was global stimulus levels promptly reaching unprecedented levels, as a swift, synchronised policy response was seen around the globe in the forms of monetary easing and enormous amounts of targeted fiscal stimulus. In many cases, packages included direct payments to residents and businesses. (Indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

Global shares now appear to be significantly cheaper after the recent pullback related to the COVID-19 virus and relative to low bond yields, though given the lack of earnings visibility over the near-term, some caution is still warranted. While global economic activity is being sharply impacted due to the virus, we expect this to be transient in nature and likely to rebound at some point. Monetary and fiscal policy are also now heavily supportive, which is likely to continue to aid share markets.

## Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP1036AU
AMP Flexible Super - Retirement account	AMP1374AU
AMP Flexible Super - Super account	AMP1503AU
CustomSuper	AMP1036AU
Flexible Lifetime - Allocated Pension	AMP1025AU
Flexible Lifetime - Investments (Series 1)	AMP1059AU*
Flexible Lifetime - Investments (Series 2)	AMP1437AU
Flexible Lifetime - Term Pension	AMP1046AU
SignatureSuper	AMP1068AU
SignatureSuper - Allocated Pension	AMP1176AU

\*Closed to new investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



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