

# Aberdeen Emerging Opportunities

Quarterly Investment Option Update

30-June-2016



## Availability

Product name	APIR
AMP Flexible Super – Choice (Retirement)	AMP1591AU
AMP Flexible Super – Choice (Super)	AMP1579AU
CustomSuper	AMP1531AU
Flexible Lifetime – Allocated Pension	AMP1543AU
Flexible Lifetime – Super	AMP1531AU
SignatureSuper	AMP1555AU
SignatureSuper – Allocated Pension	AMP1567AU

## Investment Option Performance

Investment performances are subject to product fees and where relevant tax as outlined in the product PDS. Therefore investment performance may differ between products. In addition, activity on your account such as contributions and deductions will also impact the investment performance specific to you. To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au). You can also view the last investment performance specific to you by visiting your My Portfolio account.

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## Overview

**Aim & Strategy:** To provide investors with high capital growth over the medium to long term (3 to 5 years) by seeking exposure to emerging stock markets worldwide

or companies with significant activities in emerging markets. The benchmark is the MSCI Emerging Markets Index. In seeking to achieve the objective, the investment manager may invest in securities which are not contained in the index used as the performance benchmark. This investment option primarily invests in a diversified portfolio of emerging market securities. The normal characteristics of this investment option are:

- low turnover - the average holding period is around 4 years
- significant divergence from the benchmark
- low cash allocations (cash treated as a residual, ie fully invested), and
- a beta less than or equal to one.

On occasions (such as where the purchasing costs of the investment can be reduced), a portion of the investment may be directly invested in other investment vehicles managed by other Aberdeen Group companies. This investment option does not generally borrow to invest and is not hedged to the Australian dollar.

**Investment category:** Global shares

**Suggested Investment Timeframe:** 3 – 5 years

**Standard Risk Measure:** 7/ Very high

**Investment style:** Specialist

Asset Allocation	Benchmark (%)	Range (%)
Emerging Markets Equities	100	90-100
Cash	0	0-10

## Holdings

Industry Exposure	%
Energy	6.5
Materials	5.5
Industrials	1.7
Consumer Discretionary	8.2
Consumer Staples	12.4
Health Care	1.1
Financials	48.3
Information Technology	9.0
Teleco Services	5.2
Utilities	0.0
Cash	2.1

Regional Exposure	%
Asia	57.7
Africa and Middle East	5.3
Emerging Europe	12.2
Latin America	21.5
UK	1.2
Cash	2.1

Top Ten Securities	%
Aberdeen Gbl Indian Eq Fund	16.2
Samsung Electronics	4.4
TSMC	3.8
Astra International	3.6
AIA Group	3.4
China Mobile	3.2
Grupo Financiero Banorte	3.1
FEMSA	3.0
Banco Bradesco	2.6
Siam Cement	2.5

## Market Commentary

Emerging market equities ended higher in Australian dollar terms after a volatile quarter. The UK's vote to leave the European Union sent shockwaves across global markets and the pound crashed to a multi-year low.

## Investment Option Commentary

Over the quarter, the fund outperformed the index significantly. Both allocation effect and stock selection were positive.

The fund's overweight to Brazil was a key driver of outperformance. Our holdings in Brazil rose more than the market, led by retailer Lojas Renner and shopping mall operator Multiplan.

Elsewhere in Latin America, the fund also gained from the positive stock selection in Mexico, which outweighed the impact of a weaker peso.

In Asia, resilient performance from the fund's Hong Kong holdings, alongside an underweight to China, added to relative performance. AIA extended its return-to-favour with the delivery of outstanding first-quarter results, as new business growth and margin expansion surpassed expectations. Hang Lung and Standard Chartered also enjoyed a good run into late June.

Conversely, the fund's underweight to South Africa detracted as the market rose. Another detractor was the fund's overweight to Turkey, where the market was one of the poorer performers, partly due to political tensions.

## Outlook

Cautious sentiment is likely to dominate trading as investors monitor unfolding developments. Fundamentals are still improving across emerging economies, underpinned by solid growth potential. At the corporate level, we are encouraged by signs that the earnings cycle seem to be now turning for the better amid stabilising top lines and commendable cost control.

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