

AMP Capital Australian Equity Concentrated

Quarterly Investment Option Update

30 June 2016



Aim and Strategy

Aim and strategy: To provide total returns (income and capital growth), after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3 year basis.

The portfolio primarily invests in securities listed on the Australian Securities Exchange (ASX), including ordinary and partly paid shares, convertible notes, preference shares and derivatives.

The investment manager takes an investment approach that combines active management with a research driven process to build a concentrated portfolio of typically 25-35 securities. This approach supports the investment manager's high conviction that the portfolio has the potential to outperform the Australian equities market over the long term.

The portfolio may also invest in companies listed or expected to be listed on the ASX that are outside the S&P/ASX 200 Accumulation Index.

The portfolio may use derivatives to mitigate risk in the portfolio.

Investment Option Performance

To view the latest investment performances please visit www.amp.com.au

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1816AU
AMP Flexible Super - Retirement account	AMP1786AU
AMP Flexible Super - Super account	AMP1792AU
CUSTOM SUPER	AMP1816AU
Flexible Lifetime - Allocated Pension	AMP1810AU
Signature Super	AMP1804AU
Signature Super Allocated Pension	AMP1798AU

Top Ten Securities Exposure	%
Commonwealth Bank of Australia	8.66
BHP Billiton Ltd	6.95
Australia & New Zealand Banking Group Ltd	6.25
Westpac Banking Corp	6.01
National Australia Bank Ltd	5.96
Telstra Corp Ltd	5.47
Wesfarmers Ltd	4.46
Westfield Corp	3.69
Sydney Airport	3.33
APA Group	3.26

Investment Option Overview

Investment category Australian Equities

Suggested investment timeframe 5 years

Relative risk rating High

Investment style Core

Asset Allocation	Benchmark	Range (%)
Australian Shares	100	90-100
Cash	0	0-10

Industry Exposure	%
Financials	40.75
Materials	13.89
Health Care	8.67
Telecommunication Services	7.28
Consumer Staples	6.43
Industrials	6.27
Energy	4.70
Cash	3.73
Consumer Discretionary	3.59
Utilities	3.26
Information Technology	1.44

Investment Option Commentary

The AMP Capital Concentrated Equity Fund underperformed the S&P/ASX 200 Index primarily due to stock selection decisions.

The Fund's underperformance was driven by stock selection in the energy and diversified financials sectors plus an underweight position in the gold sector. The largest positive contributors were stock selection decisions in the building materials and healthcare sectors along with a zero holding in the chemicals sector.

At the security level, the largest contributors to relative performance were overweight positions in James Hardie Industries, Ramsay Health Care and Cochlear as well as a zero holding in Qantas Airways. James Hardie Industries' share price increased due to solid earnings for the quarter coupled with the depreciation of the AUD/USD exchange rate in May. Ramsay Health Care rose significantly as it recovered upon market expectations of the budget moderating. Cochlear performed well on the back of a fall in the Australian dollar and the tailwinds of an ageing population. A zero holding in Qantas Airways benefited the Fund as the share price declined due to the downward revision of its forecast for domestic demand growth. With fewer customers flying, demand for extra seats dropped off which led to a fall in the stock's value.

The largest performance detractor was a zero holding in Newcrest Mining, followed by overweight positions in QBE Insurance Group and Caltex Australia along with an underweight position in Aristocrat Leisure. Zero exposure to Newcrest Mining weighed on performance as the price of gold increased on the back of the US Federal Reserve's decision to keep rates on hold, coupled with the leave outcome from Britain's EU referendum. QBE Insurance Group underperformed due to a dramatic sell-off of its shares following the outcome of the UK's referendum regarding EU membership. QBE is exposed to both Britain and other countries within the European Union; the fall in the share price was fuelled by uncertainty surrounding the impact of the UK's exit from the EU. Caltex Australia also detracted from the portfolio's performance as its price declined due to an appreciation of the AUD. An underweight position in Aristocrat Leisure underperformed when its share price soared following a strong half-year performance to March 2016, particularly in its US premium gaming operations.

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