

AMP Capital Australian Equity Opportunities

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.

A long/short investment strategy is used which allows the investment manager to invest in securities that it believes will outperform the Australian equities market. Conversely, the investment manager can take short positions in securities that the investment manager believes will underperform.

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 and may also invest up to 15% in companies listed on international exchanges (including Australian companies listed overseas) where these investments are expected to add value and are consistent with the portfolio's investment objectives.

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 | AMP1814AU |
| AMP Flexible Super - Retirement account | AMP1782AU |
| AMP Flexible Super - Super account | AMP1790AU |
| CUSTOM SUPER | AMP1814AU |
| Flexible Lifetime - Allocated Pension | AMP1808AU |
| METCASH SUPERANNUATION PLAN | AMP1814AU |
| Signature Super | AMP1802AU |
| Signature Super Allocated Pension | AMP1796AU |

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

| Top Ten Securities Exposure | % |
|---|------|
| Commonwealth Bank of Australia | 8.88 |
| BHP Billiton Ltd | 7.26 |
| Australia & New Zealand Banking Group Ltd | 6.41 |
| National Australia Bank Ltd | 6.17 |
| Westpac Banking Corp | 6.06 |
| Telstra Corp Ltd | 5.49 |
| Wesfarmers Ltd | 3.79 |
| Westfield Corp | 3.59 |
| Sydney Airport | 3.33 |
| Goodman Group | 3.11 |

Investment Option Overview

| | |
|---------------------------------------|---------------------|
| Investment category | Australian Equities |
| Suggested investment timeframe | 5 years |
| Relative risk rating | High |
| Investment style | Growth |

| Industry Exposure | % |
|----------------------------|-------|
| Financials | 41.78 |
| Materials | 14.84 |
| Health Care | 7.86 |
| Telecommunication Services | 7.30 |
| Industrials | 7.11 |
| Consumer Staples | 5.79 |
| Energy | 5.45 |
| Utilities | 4.39 |
| Consumer Discretionary | 4.20 |
| Information Technology | 0.73 |
| Cash | 0.55 |

Investment Option Commentary

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

The Fund's underperformance was driven by stock selection in the gaming, energy, diversified financials and banking sectors. The largest positive contributor to performance was an overweight position in building materials, followed by stock selection decisions in the developers & contractors plus utilities sectors along with an underweight exposure to the transport sector.

At the security level, the largest contributors to relative performance were from overweight positions in Regis Resources, Cochlear and James Hardie Industries as well as a zero holding in Qantas Airways. Regis Resources' share price increased due to the rally in the price of gold which benefited from the Brexit vote. An overweight position in Cochlear performed well on the back of a fall in the Australian dollar and the tailwinds of an ageing population. James Hardie Industries' share price increased as a result of solid earnings for the quarter coupled with the depreciation of the AUD/USD exchange rate in May. 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 detractors were from underweight positions in Newcrest Mining and Aristocrat Leisure in addition to overweight exposures to Blackmores and QBE Insurance Group. The underweight position in 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. Another underweight position which underperformed was Aristocrat Leisure because its share price soared as a result of its strong half year performance to March 2016 particularly in its US premium gaming operations. An overweight position in Blackmores detracted from performance as its share price slumped following China's introduction of e-commerce laws restricting what foreign products could be bought and sold through its official cross-border channels. The overweight exposures to QBE Insurance Group also underperformed due to a dramatic sell-off of its shares following the outcome of the UK's referendum regarding EU membership.

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