

Future Directions Asian Share

Quarterly Investment Option Update

30 June 2016

Aim and Strategy

To provide high returns over the long term, whilst accepting a higher level of volatility, through a diversified portfolio of international shares within the Asia ex-Japan universe. The objective is to provide a total return, after costs and before tax, above the return from the MSCI All Countries Asia ex-Japan (Unhedged) Index on a rolling 3 year to 5 year basis.

Investment Option Performance

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

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1197AU
AMP Flexible Super - Retirement account	AMP1344AU
AMP Flexible Super - Super account	AMP1473AU
CUSTOM SUPER	AMP1197AU
Flexible Lifetime - Allocated Pension	AMP1201AU
Flexible Lifetime Investment	AMP1205AU
Flexible Lifetime Investment (Series 2)	AMP1408AU
Signature Super	AMP1211AU
Signature Super Allocated Pension	AMP1220AU

Investment Option Overview

Investment category	Specialist Equities
Suggested investment timeframe	7+ years
Relative risk rating	High
Investment style	Multi-Manager

Asset Allocation	Benchmark	Range (%)
International shares	100	90-100
Cash	0	0-10

Top Ten International Shares Exposure	%
Samsung Electronics Co Ltd	6.21
TSMC	6.12
Tencent Holdings Ltd	5.01
China Construction Bank Corp	3.32
China Mobile Ltd	3.12
Alibaba Group Holding Ltd	2.75
Hon Hai Precision Industry Co	2.54
Korea Electric Power Corp	2.47
AIA Group Ltd	2.42
CNOOC Ltd	1.81

Industry Exposure	%
Information Technology	30.84
Financials	27.41
Consumer Discretionary	8.75
Telecommunication Services	6.38
Utilities	5.65
Consumer Staples	5.45
Energy	4.29
Cash	3.13
Health Care	3.07
Industrials	3.04
Materials	1.99

Country Exposure	%
China	33.68
Republic of Korea	19.94
Taiwan	12.77
Hong Kong	11.95
India	7.87
Cash	3.13
Singapore	3.07
Indonesia	3.03
Thailand	2.34
Malaysia	1.34
Philippines	0.63
United States	0.25

Portfolio Summary

- > Another turbulent quarter for investment markets, with trading volatility continuing over the quarter.
- > The Fund posted a positive absolute return and outperformed its benchmark over the quarter.
- > In terms of underlying manager, Investec and Lazard posted positive absolute returns and outperformed its benchmark.

Investment Option Commentary

The Fund posted a positive absolute return and outperformed its benchmark over the quarter. In terms of underlying managers, Investec and Lazard both posted positive absolute returns while outperforming its benchmark. Both developed and emerging markets were positive during the quarter. Strong stock selection in South Korea was the main driver of outperformance, while stock selection in Hong Kong and Indonesia also notably added to this quarter's outperformance. Stock selection in Thailand and India detracted from relative performance.

With regard to sectors, stock selection within the information technology, telecommunication services and the consumer staples sectors were the main contributors. Stock selection within the financials and utilities sectors detracted value.

In stock specific terms, key contributors to performance included overweight allocations to PT Telekomunikasi Indonesia, Samsung Electronics Co and Guangdong Investment Limited. Key stock detractors included overweights in Hong Kong positions CK Hutchison Holdings and Dongfeng Motor Group, and Sands China

Market commentary

Developed international share markets produced moderate, yet still positive returns for the three month period with emerging markets performing similarly. Global markets remain supported by very easy monetary conditions, good growth in consumer-spending and an overall reasonably positive macroeconomic backdrop, though are unsurprisingly suffering bouts of volatility based on news-flow such as Fed commentary or speculation on election results. Japan's TOPIX Accumulation Index fell by another 7.4%, and is now down nearly 22% year to date. Notably, the UK's FTSE 100 Accumulation Index rose by 6.5% during the quarter, despite a sharp fall post-Brexit referendum, which was more than recovered by month's end.

Outlook

With global growth worries remaining, it is still too early to call a bottom in the markets particularly with the UK vote to exit from the EU adding to uncertainty. However, beyond the near-term uncertainties, we still see shares trending higher this year helped by a combination of relatively attractive valuations compared to bonds, further global monetary easing and continuing moderate economic growth. However a number of risks and fragilities remain.

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