

# Professional Growth

Quarterly Investment Option Update

30 June 2016

## Aim and Strategy

To provide moderate to high investment returns over the long term, with the likelihood of significant fluctuations in the value of the investment from year to year. The portfolio will primarily invest in a diversified mix of defensive and growth assets managed by professional asset managers identified and selected by ipac within each asset class. (Multi Sector (Traditional) investment approach)

## Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://www.amp.com.au)

### Availability

Product name	APIR
<a href="#">AMP Flexible Lifetime Super</a>	AMP1956AU
<a href="#">AMP Flexible Super - Retirement account</a>	AMP1963AU
<a href="#">AMP Flexible Super - Super account</a>	AMP1970AU
<a href="#">Flexible Lifetime - Allocated Pension</a>	AMP1949AU
<a href="#">Flexible Lifetime Investment (Series 2)</a>	AMP1981AU
<a href="#">Signature Super</a>	AMP1731AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	35	31-45
Global Shares	37	30-44
Growth Alternatives	4	0-10
Australian Property	8	0-30
Global Property		
Global Infrastructure		
Defensive Alternatives	4.5	0-10
Australian Bonds	3.75	0-10
Global Bonds	3.75	0-10
Cash	4	0-20

### Investment Option Overview

<b>Investment category</b>	Diversified - Moderately Aggressive
<b>Suggested investment timeframe</b>	5 - 7 years
<b>Relative risk rating</b>	Medium - High
<b>Investment style</b>	Multi Manager

Top Ten Australian Shares Exposure	%
Commonwealth Bank of Australia	8.63
Westpac Banking Corp	6.73
Telstra Corp Ltd	4.79
Australia & New Zealand Banking Group Ltd	4.73
National Australia Bank Ltd	4.53
BHP Billiton Ltd	4.23
CSL Ltd	3.59
Wesfarmers Ltd	2.94
Woolworths Ltd	1.77
Macquarie Group Ltd	1.75

Top Ten International Shares	%
Facebook Inc	1.00
Visa Inc	0.96
Alphabet Inc	0.95
Nestle SA	0.93
APPLE INC	0.92
Samsung Electronics Co Ltd	0.80
HDFC Bank Ltd	0.80
MICROSOFT CORP	0.78
British American Tobacco PLC	0.74
Home Depot Inc/The	0.72

Actual Allocation	%
Australian Shares	33.13
International Shares Unhedged	29.03
Real Assets	8.22
International Shares Hedged	7.98
Multi Strategy Fixed Income	4.97
Alternative Defensive	4.94
Cash	4.37
Government Bonds	3.96
Alternative Growth	3.39

### Investment Option Commentary

Economically, the quarter was dominated by event risk, volatility and switches between a risk-on and risk-off bias. For most of the period speculation on the likely timing of a US interest rate rise dominated sentiment, but towards the tail-end of June the UK referendum (Brexit) on whether to remain or leave the European Union was the key focus. Other influencing events during the period included the validation by Germany's constitutional court of the European Union's Outright Monetary Transaction (OMT) Programme, the ongoing US primaries and the Spanish election. Australia's S&P/ASX 200 Accumulation Index rose over the quarter. The materials sector did particularly well amid improved commodity prices relative to the depths of early 2016. Australian economic figures are still generally positive - yet unexciting, and the RBA seems to be maintaining a reasonably dovish undertone in their wording. International investors continue to be wary of macro-prudential intervention by governments and potential further changes to tax (though this is a risk to the positive-side too, particularly with smaller companies). Small-caps yet again outperformed the broader market this quarter, returning 5.8% as measured by the small S&P ASX Small Ordinaries Accumulation index.

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.

Global economic conditions remain adequate yet inspiring. We expect ongoing volatility stemming from rise of populist politics, China's ongoing economic transition and the US Fed's movements.

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