

Aberdeen Emerging Opportunities

Quarterly Investment Option Update

31-December-2017



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. 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	Actual (%)	Range (%)
Emerging Markets Equities	98.6	90-100
Cash	1.4	0-10

Holdings

Industry Exposure	%
Energy	2.9
Materials	6.0
Industrials	1.2
Consumer Discretionary	8.4
Consumer Staples	10.3
Health Care	1.1
Financials	44.5
Information Technology	15.2
Teleco Services	4.3
Utilities	0.0
Real Estate	4.7
Cash	1.4

Regional Exposure	%
Asia	66.8
Africa and Middle East	3.8
Emerging Europe	8.2
Latin America	19.1
UK	0.9
Cash	1.4

Top Ten Securities	%
Aberdeen Global Indian Eq Fund	16.3
Aberdeen Global China A Equity Fund	6.8
Samsung Electronics	5.6
TSMC	4.4
Tencent Holdings	3.3
AIA Group	3.1
China Mobile	2.6
Banco Bradesco	2.5
Astra International	2.5
FEMSA	2.2

Market Commentary

Emerging markets rallied in the fourth quarter. Positive corporate earnings, firming oil prices, and US tax reform outweighed stricter financial regulation in China and profit taking in the technology sector.

Investment Option Commentary

Emerging market equities paused for breath at the start of the fourth quarter and sold-off at the beginning of December, before recovering towards the year-end.

Against this backdrop, the fund underperformed the benchmark during the quarter.

Across regions, Latin America posted the weakest relative performance, as Brazilian markets were subdued in October, having rallied for most of the year. Consumer names, including Multiplan and Lojas Renner, and lender Bradesco, suffered despite good results. This weakness was partly mitigated by Vale, which was boosted by stabilising commodity prices. The Mexican market was also weak as concerns mounted about the potential outcome of NAFTA renegotiations and political uncertainty ahead of 2018's presidential elections. At the stock level, Banorte disappointed investors after the related-party acquisition of the financial group Interacciones, which lends primarily to government agencies and municipalities.

Performance in EMEA was mixed. South African stocks rallied in December after Cyril Ramaphosa's election victory. Holdings Truworths, Massmart and MTN rebounded on hopes for a more business-friendly environment and much-needed economic reforms. However, the fund suffered from not holding internet business Naspers, which has performed well all year due to its stake in internet giant Tencent. Stock selection in Russia was negative, as retailer Magnit's shares fell on negative third quarter results and downgrades to its earnings forecasts. The overweight to Turkey detracted over concerns about the current account deficit and persistent inflation, despite a late rally.

In Asia, the fund's positioning in China was positive, as the exceptional rally in the technology sector, where the fund is underweight, slowed. In contrast, the fund's wider holdings in the mainland and Hong Kong performed better, while the underweight to Taiwan also proved beneficial. The overweight to India was positive, as the market rose amid the re-capitalisation of public sector banks. However, this was outweighed by negative stock selection as the fund's holdings failed to keep pace with the rallying market.

Outlook

While policy normalisation from major central banks, political uncertainty, a slowing Chinese economy and concerns over rising debt could present short-term challenges, emerging markets should continue to be supported by broadening global growth and expectations for earnings improvements.

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