

# AMP All Growth

Quarterly Investment Option Update

31 December 2017

## Aim and Strategy

Aim and strategy: To provide high returns over the long term through a portfolio investing mostly in Australian and international shares.

## 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>	AMP0166AU
<a href="#">AMP Flexible Super - Retirement account</a>	AMP1318AU
<a href="#">AMP Flexible Super - Super account</a>	AMP1448AU
<a href="#">AMP Growth Bond</a>	AMP1195AU
<a href="#">CUSTOM SUPER</a>	AMP0166AU
<a href="#">Flexible Lifetime - Allocated Pension</a>	AMP0597AU
<a href="#">Flexible Lifetime - Term Pension</a>	AMP0897AU
<a href="#">Investment Linked Deferred Annuity</a>	AMP0718AU
<a href="#">Investment Linked Regular Premium</a>	AMP0418AU
<a href="#">Investment Linked Single Premium</a>	AMP0418AU
<a href="#">METCASH SUPERANNUATION PLAN</a>	AMP0166AU
<a href="#">MultiFund Flexible Income Plan</a>	AMP0355AU
<a href="#">Signature Super</a>	AMP0773AU
<a href="#">Signature Super Allocated Pension</a>	AMP1127AU

### Investment Option Overview

<b>Investment category</b>	Diversified - Aggressive
<b>Suggested investment timeframe</b>	7 - 9 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active

Asset Allocation	Benchmark	Range (%)
Australian Shares	50	40-60
Global Shares	42	32-55
Growth Alternatives	1.5	0-8
Australian Property	2	0-13
Global Property	1.5	0-13
Global Infrastructure	3	0-10
Defensive Alternatives	0	0-5
Australian Bonds	0	0-10
Global Bonds	0	0-10
Cash	0	0-15

Top Ten Australian Shares Exposure	%
COMMONWEALTH BANK AUST	8.19
Westpac Banking Corp	6.14
BHP Billiton Ltd	5.64
Australia & New Zealand Banking Group Ltd	4.84
National Australia Bank Ltd	4.55
CSL Ltd	3.85
Wesfarmers Ltd	3.04
Telstra Corp Ltd	2.45
Woolworths Group Ltd	2.12
Macquarie Group Ltd	1.94

Top Ten International Shares Exposure	%
Alphabet Inc	2.56
Facebook Inc	2.29
APPLE INC	1.57
Lowe's Cos Inc	1.45
Visa Inc	1.44
Mastercard Inc	1.28
WELLS FARGO & COMPANY	1.23
UnitedHealth Group Inc	1.23
Microsoft Corp	1.21
XPO Logistics Inc	1.13

Actual Allocation	%
Australian Equities	44.01
International Equities - Unhedged	30.77
International Equities - Hedged	14.12
Listed Real Assets	5.03
Unlisted Real Assets	3.10
Alternative Assets Growth	1.24
Cash	1.06
Alternative Assets Defensive	0.67

## Investment Option Commentary

The December quarter concluded what was a strong 2017 for the Option. Encouraging economic releases and robust corporate earnings results boosted investor sentiment globally, which reflected favourably on risk-based assets. We have now reported seven consecutive quarterly gains, highlighting the heightened state of optimism across markets. The Option's positive absolute return over the quarter was mostly driven by the sizeable allocation to international equities. Relatively, the Option ended the period above benchmark. A similar story is echoed for the Option's yearly return.

Supportive currency movements, improved corporate earnings and lower than anticipated geopolitical risks were the key drivers of growth in developed international markets, up over 5% for the quarter and 18% on a yearly basis. Emerging markets followed suit with the weak US\$ and positive growth environment improving trade, propelling returns. By contrast, lacklustre corporate earnings, regulatory pressures, and a lack of wage growth weighed on the performance of Australian equities. However, the market was still able to deliver double digit returns (up 11%) on the back of stronger commodity prices and global growth. The underweight exposure to Australian equities in favour of international equities (primarily through Japanese equities) was consequently positive for the Option's returns, with global markets outperforming the domestic market. The Option's other growth investments such as property, infrastructure and alternatives (private equity, hedge funds) were all also solid contributors to Fund returns over the year.

For the start of 2018, we remain relatively comfortable in maintaining a bias towards international equities through Europe. With a maturing business cycle in the US, increasing global equity valuations and gradual tightening of global monetary policy, markets could see some volatility through 2018. We have implemented option protection to help reduce the impact of potential weakness in the US equity market. To further help diversify equity risk, we have added additional strategies alongside our other alternative assets including direct property and private equity. Our overall bond position remains underweight in favour of cash as we expect bonds to remain vulnerable to any evidence of inflationary pressure or monetary tightening.

## Contact Us

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