

Arrowstreet Global Equity

Quarterly Investment Option Update

31-December-2017

Availability

Product name	APIR
AMP Flexible Super – Choice (Retirement)	AMP1590AU
AMP Flexible Super – Choice (Super)	AMP1578AU
CustomSuper	AMP1530AU
Flexible Lifetime – Allocated Pension	AMP1542AU
Flexible Lifetime – Super	AMP1530AU
SignatureSuper	AMP1554AU
SignatureSuper – Allocated Pension	AMP1566AU

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 seek to achieve a long term (at least 7 years) total return before fees and expenses that exceeds the MSCI All Country World Index ex-Australia, in Australian dollars unhedged with net dividends reinvested. The portfolio invests primarily in shares of companies listed on stock exchanges around the world, but will also have some exposure to cash and derivatives. The portfolio will use derivatives such as foreign exchange contracts to facilitate settlement of stock purchases and to take active currency positions. Derivatives will not be used for leverage or gearing purposes. Exposure to

international assets is not hedged back to Australian dollars. This means that investors will also be exposed to currency risk because of movements in exchange rates. Note: The investment option's exposure to derivatives is not reflected in these ranges.

Investment category: Global shares

Suggested Investment Timeframe: 7+ years

Standard Risk Measure: 6/ High

Investment style: Core

Asset Allocation	Actual (%)	Range (%)
Global Equities	99.81%	95-100%
Cash	0.19%	0-5%

Holdings

Industry Exposure	%
Consumer Discretionary	13.09
Consumer Staples	6.38
Energy	4.28
Financials	13.53
Health Care	11.78
Industrials	11.15
Information Technology	28.18
Materials	9.21
Real Estate	1.26
Telecommunication Services	0.23
Utilities	0.71

Regional Exposure	%
Asia Ex Japan	1.45
Europe Ex Uk	7.54
Japan	17.51
North America	55.86
United Kingdom	2.93
Emerging Markets	14.52

Top Ten Securities	%
Samsung Electronic	2.80
Unitedhealth Group Inc	2.41
Home Depot Inc	2.32
Adobe Systems Inc	2.14
Facebook Inc	1.99
Boeing Co	1.66
Mastercard Inc	1.55
Philip Morris International	1.50
Comcast Corp	1.41
Alphabet Inc	1.26

Market Commentary

Equity markets rallied across all regions in the fourth quarter. Strong economic growth and reflation themes continued to boost sentiment globally, and central bank rhetoric shifted towards tighter future monetary policy. Markets generally shrugged off political tensions in a number of regions, including the ongoing probe into Russian interference in the 2016 U.S. presidential election and the continued development of North Korea's nuclear arms program. The Pacific region saw the best returns during the quarter. Japan was a notable outperformer on the heels of Shinzo Abe's better than expected performance in the October snap election. In North America, the U.S. Federal Reserve raised the Fed Funds rate for the third time in 2017 at their December meeting and signalled further increases in 2018. Passage of tax reform in late December provided a further tailwind for U.S. stocks as investors expect lower corporate tax rates to flow through to earnings. Europe was the worst performing region in the fourth quarter. Negotiators in the U.K. and E.U. made progress on Brexit terms, lifting stocks in the U.K., though with significant challenges still ahead, investors remain cautious. Elsewhere in Europe, Germany's chancellor, Angela Merkel, struggled to maintain political support, further complicating the potential for reform in the E.U.

Most sectors delivered positive returns in the fourth quarter. The strong overall performance for the quarter masked intra-quarter volatility, however, as higher momentum sectors such as information technology experienced a sharp albeit relatively short-lived selloff in late November and early December. The

materials and energy sectors benefited from extended gains in commodity prices as the S&P GSCI commodity price index rose more than 10% for the quarter and WTI crude prices rose more than 15%. Defensive sectors such as utilities, health care, and telecommunications lagged. Notably, many of the stocks viewed as bond proxies underperformed on the heels of higher interest rates across the globe.

Investment Option Commentary

The Arrowstreet Global Equity Fund returned 6.54% for the quarter ending December 2017, compared with a return for the MSCI All Country World ex Australia Index in \$A unhedged with net dividends reinvested of 6.04%.

Attribution summary

Japan Information Technology

Stocks in the Japanese information technology sector rallied during the fourth quarter. Most notably securities in the semiconductor sub sector outperformed their peers, reporting better than expected earnings and raising forward-looking guidance. Strong results, along with positive business and macroeconomic trends led to upward revisions in analyst expectations. The portfolio's overweight positioning was motivated by basket level indirect momentum signals and basket level price momentum signals.

Korea Information Technology

Korean information technology stocks saw mixed results in the fourth quarter of 2017 as data processing and electronics manufacturing services stocks outperformed the lagging semiconductor and industrial machinery producers. Top semiconductor producers Samsung and SK Hynix declined sharply near the end of November as analysts raised concerns about declining flash memory prices and signs of diminishing demand due to trends in mobile memory. The portfolio's overweight positioning was motivated by basket level value signals and basket level price momentum signals.

Stock commentary

Adobe Systems Inc. (United States Information Technology)

Adobe Systems Inc is a developer and marketer of digital media solutions. Adobe shares rose 17% over the fourth quarter. The company provided earnings guidance for 2018 that significantly exceeded analyst expectations. The stock price continued to ascend as multiple sell side analysts increased their one-year price target for the firm. The portfolio's overweight positioning was motivated by stock level catalysts and stock level quality signals.

Merck & Co. Inc. (United States Health Care)

Merck & Co, a global healthcare giant, announced third quarter earnings results in late October. Despite beating EPS expectations, share prices fell due to concerns regarding future sales targets as Merck withdrew an application to market a lung cancer drug, Keytruda, in Europe. The company also anticipated further charges related to a previous cyber-attack that had temporarily halted manufacturing. The portfolio's overweight positioning was motivated by stock level catalysts and basket level quality signals.

Fund Changes

With effect from Friday 12 January 2018 the Fund will be transitioned such that, no later than 30 Business Days after this date the Fund will cease to invest in entities involved in the 'tobacco' and 'controversial weapons' industries, and the use of derivatives for the Fund will be for the purpose of managing currency risk arising from differences in the currency weights of the Fund's investments compared to the Fund's benchmark.

Arrowstreet do not believe these changes will impact their ability to manage the Fund, and as such the Investment Objective and Benchmark remains unchanged. The Fund will also continue to seek a long-term total return (before fees and expenses) that exceeds the Benchmark.

What you need to know

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