

AMP Capital Balanced Growth Fund



Quarterly Investment Option Update

30 June 2018

Aim and Strategy

To provide a total return (primarily capital growth with some income) after costs and before tax, above the relevant benchmarks of the underlying investments on a rolling 3 year basis. The investment manager, AMP Capital, invests in a diversified range of Australian and international growth sources across asset classes including shares and listed property trusts.

Investment Option Performance

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

Availability

Product name	APIR
Flexible Lifetime Investment	AMP0013AU
Flexible Lifetime Investment (Series 2)	AMP1391AU
AMP Flexible Lifetime Super	AMP0165AU
AMP Flexible Super - Retirement	AMP1321AU
AMP Flexible Super - Super	AMP1451AU
AMP Growth Bond	AMP1190AU
Investment Linked Deferred Annuity	AMP0715AU
Multifund Flexible Income	AMP0475AU
Multifund Rollover	AMP0745AU
Signature Super	AMP0948AU
Signature Super – Allocated Pension	AMP1130AU
Super Leader	AMP1883AU
Flexible Lifetime - Term Pension	AMP0894AU
Custom Super	AMP0165AU

Investment Option Overview

Investment category	Diversified - Balanced
Suggested investment timeframe	5 years
Relative risk rating	Medium
Investment style	Active

Asset Allocation	Benchmark	Range (%)
Australian Shares	35	28-42
Global Shares	26	19-33
Growth Alternatives	0	0-2
Australian Property	5	0-20
Global Property	5	0-20
Defensive Alternatives	2	0-4
Australian Bonds	14	5-30
Global Bonds	8	0-15
Cash	5	0-20

Top Ten Australian Securities	%
COMMONWEALTH BANK AUST	7.34
BHP Billiton Ltd	6.94
Westpac Banking Corp	5.60
CSL Ltd	5.59
Australia & New Zealand Banking Group Ltd	5.01
National Australia Bank Ltd	4.67
WESFARMERS LTD	3.37
Macquarie Group Ltd	3.05
WOOLWORTHS GROUP LTD	2.58
Rio Tinto Ltd	2.51

Top Ten International Shares Exposure	%
Alphabet Inc	2.39
Visa Inc	1.90
Microsoft Corp	1.72
Mastercard Inc	1.65
AbbVie Inc	1.65
Facebook Inc	1.60
WELLS FARGO & COMPANY	1.37
XPO Logistics Inc	1.30
Kraft Heinz Co/The	1.08
APPLE INC	1.02

Actual Allocation	%
Australian Equities	28.15
International Equities-(UH)	25.18
Australian Fixed Interest	13.69
Cash	9.77
International Equities-(H)	9.60
International Listed Property	6.44
International Fixed Interest	3.58
Australian Listed Property	2.63
Global Listed Infrastructure	0.95
Alternative Assets	0.00
Emerging Market Equities	0.00
Emerging Markets	0.00

Portfolio Summary

- > The AMP Balanced Fund gained over the June quarter.
- > Growth assets provided the largest contribution as equity markets rose
- > We remain overweight international equities and cash and underweight Australian equities and bonds

Investment Option Commentary

Following a weak start to the year, the AMP High Growth Fund yielded a robust return for the June quarter. Despite several global concerns for investors throughout the period, most asset classes ended the period higher, concluding what was a solid 12 months for the Fund.

The Australian share market performed solidly, up 7.0% on the quarter. Gains were largely driven by the resource sector (up 16.0%) on the back of higher commodity prices and a higher US dollar which boosted the returns of businesses with offshore earnings. Developed international equity markets were also particularly strong through the quarter (up 3.0%), helped by improved global growth, supportive interest rate settings and a positive earnings season. For Australian dollar-based investors, the depreciation of the currency also provided a further boost to the performance of unhedged international equities (up 5.5%). Global listed property also performed well rising 2.7%. The performance of Australian fixed income was relatively subdued as investors favoured growth assets during the quarter.

We anticipate markets will be increasingly sensitive to any emerging signs of inflation and central banks adjustments to monetary policy. There are several geopolitical concerns specifically the threat of a China/US trade war which may continue to add uncertainty in the market. Whilst we continue to believe equity markets will perform moderately well we remain cognisant of the potential of increased volatility in the months ahead. We maintain a bias towards international equities. Our bond position remains underweight in favour of cash, as we believe that bonds are at risk from investors potentially underestimating inflationary pressure and future interest rate increases in the US.

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