

AMP Capital High Growth

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
AMP Flexible Super – Choice (Retirement)	AMP9999AU
AMP Flexible Super – Choice (Super)	AMP9999AU
CustomSuper	AMP9999AU
Flexible Lifetime – Allocated Pension	AMP9999AU
Flexible Lifetime – Super	AMP9999AU
SignatureSuper	AMP9999AU
SignatureSuper – Allocated Pension	AMP9999AU

Top Ten Australian Shares	%
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

Investment Option Overview

Investment category	Diversified - Moderately Aggressive
Suggested investment timeframe	6 - 9 years
Relative risk rating	Medium - High
Investment style	Active

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

Asset Allocation	Benchmark	Range (%)
International shares	36	29-43
Australian shares	40	33-47
Alternative assets (growth)	0	0-2
Direct property	-	-
Listed property	8	0-16
Alternative assets (defensive)	2	0-4
International fixed interest	5	0-10
Australian fixed interest	6	0-20
Cash	3	0-15

Actual Allocation	%
Australian Equities	33.05
International Equities-(UH)	31.69
International Equities-(H)	15.23
Australian Fixed Interest	6.35
International Listed Property	4.80
Cash	3.62
International Fixed Interest	3.12
Australian Listed Property	1.07
Global Listed Infrastructure	1.04
Emerging Market Equities	0.03
Emerging Markets	0.00
Alternative Assets	0.00

Portfolio Summary

- > The AMP High Growth 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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