

AMP Conservative

Quarterly Investment Option Update

30 June 2018

Aim and Strategy

To provide returns greater than those from cash over the short to medium term through a diversified portfolio, with a core of cash and fixed interest and some exposure to shares and property.

Investment Option Performance

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

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0167AU
AMP Flexible Super - Retirement account	AMP1323AU
AMP Flexible Super - Super account	AMP1453AU
CUSTOM SUPER	AMP0167AU
Flexible Income Plan - Investment Linked Allocated Pension	AMP0492AU
Flexible Lifetime - Allocated Pension	AMP0596AU
Flexible Lifetime - Term Pension	AMP0896AU
Investment Linked Deferred Annuity	AMP0742AU
Investment Linked Regular Premium	AMP0416AU
Investment Linked Single Premium	AMP0084AU
METCASH SUPERANNUATION PLAN	AMP0167AU
MultiFund Flexible Income Plan	AMP0471AU
Signature Super	AMP0772AU
Signature Super Allocated Pension	AMP1132AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	12	0-22
Global Shares	10	0-20
Growth Alternatives	1	0-5
Australian Property	6	0-19
Global Infrastructure	1.5	0-10
Global Property	1.5	0-10
Defensive Alternatives	2	0-5
Australian Bonds	26	10-46
Global Bonds	14	5-30
Cash	26	10-50

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 - Conservative
Suggested investment timeframe	3 years
Relative risk rating	Low
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

Actual Allocation	%
Australian Fixed Interest	31.71
International Fixed Interest	14.63
Australian Equities	12.33
International Equities - Unhedged	10.92
Cash	10.50
Unlisted Real Assets	7.44
International Equities - Hedged	4.20
Alternative Assets Defensive	4.08
Listed Real Assets	3.06
Alternative Assets Growth	1.13

Portfolio Summary

- > The AMP Conservative 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 Conservative 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.

Growth Assets outperformed defensive assets over the quarter. Australian fixed income was relatively subdued (up 0.8%). International fixed interest was similarly subdued over the period, rising 0.2%. 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%.

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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