

# Ausbil Australian Active Equity

Quarterly Investment Option Update

30-June-2018

## Availability

Product name	APIR
AMP Flexible Super – Choice (Retirement)	AMP1332AU <sup>1</sup>
AMP Flexible Super – Choice (Super)	AMP1461AU <sup>1</sup>
CustomSuper	AMP1290AU <sup>1</sup>
Flexible Lifetime – Allocated Pension	AMP1279AU <sup>1</sup>
Flexible Lifetime – Super	AMP1290AU <sup>1</sup>
SignatureSuper	AMP1304AU <sup>1</sup>
SignatureSuper – Allocated Pension	AMP1311AU <sup>1</sup>

<sup>1</sup>This option is closed to new investors only.

## 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](http://www.amp.com.au). You can also view the last investment performance specific to you by visiting your My Portfolio account.

## Contact Us

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267 (Mon. to Fri 8:30am to 6:00pm AEST)

## Overview

**Aim & Strategy:** To outperform the S&P/ASX 300 Accumulation Index over the medium to long term with moderate tax effective income by investing in a portfolio of listed Australian equities that are generally chosen from the S&P/ASX 300 Index. The investment manager seeks to position its portfolio towards those sectors and stocks which they believe will experience positive earnings revisions and away from those they believe will suffer negative revisions. At any time, the portfolio is tilted towards stocks which afford the

most compelling opportunities for appreciation over the coming 12 months. Derivatives may also be used (primarily for the purpose of managing risk).

**Investment category:** Australian Equities

**Suggested Investment Timeframe:** 5+years

**Relative Risk Rating:** High

**Investment Style:** Core

Asset Allocation	Actual (%)	Range (%)
Total Equities	98.26	90-100
Cash	1.74	0-10

## Holdings

Industry Exposure	%
Energy	7.42
Materials	30.43
Industrials	4.24
Consumer Discretionary	5.43
Consumer Staples	6.47
Health Care	7.51
Financials	28.65
Information Technology	5.10
Telecommunication Svcs.	0.0
Utilities	0.0
Real Estate	3.00
Cash	1.74

Regional Exposure	%
Australia	100

Top Ten Securities	%
BHP	8.92
Westpac Bank	6.30
CSL	6.28
Santos	5.46
Commonwealth Bank	4.68
BlueScope Steel	4.47
ANZ Bank	4.28
Aristocrat Leisure	3.63
QBE Insurance	3.57
Macquarie Group	3.55

## Market Commentary

Australian equities remained resilient amidst rising global uncertainty to return +8.4% in June quarter and outperformed most global equity peers (MSCI World: +1.9%, MSCI Emerging: -7.9%, US: +3.4%, Europe: +3.1%, UK: +9.6%). Developed markets have lagged on concerns of potential trade tariffs while Emerging markets underperformed on concerns of capital outflows due to the strengthening US dollar.

Domestically, large-cap stocks (S&P/ASX 20 Accumulation Index: +9.1%) outperformed, while small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +7.7%) and mid-cap stocks (S&P/ASX MidCap 50 Accumulation Index: +5.2%) underperformed.

Energy (+19.8%) was the best performing sector reflecting higher oil and gas prices. The weaker Australian dollar also supported the offshore earners in the Health Care (+15.9%), Consumer Staples (+12.0%), Information Technology (+11.0%) and Consumer Discretionary (+10.6%) sectors. Materials (+11.3%) were led higher by the Metals & Mining (+14.5%) sector. Utilities (+8.9%) outperformed on M&A activity. Industrials (+4.8%) and Telecommunication Services (-13.3%) underperformed. Financials (+4.0%) also underperformed due to relative weakness in the Banking (+3.4%) sector.

## Investment Option Commentary

During the quarter, the Fund reduced positions in the domestic Banking, Transportation Infrastructure, Building Materials and Industrials sectors. The proceeds were used to increase positions in the Health Care, Metals & Mining, Consumer Staples, Energy, Chemicals and offshore Banking sectors. Overall positioning continues to favour a growth tilt with overweight positions in Materials and offshore earners, whilst maintaining underweight tilts to interest rate sensitive sectors such as Real Estate Investment Trusts and Utilities.

## Outlook

Markets are now in the blackout period as companies have closed their June year-end accounts. In July investors await quarterly updates from most of the Resource (Energy and Metals & Mining) and some Industrial companies which are associated with the Resource and Infrastructure thematics. This is a good segue into the August reporting period. On average, commodity prices have remained above consensus forecasts which underpin earnings growth for the Resources sector. The Resource companies have also implemented strong cost rationalisation and deleveraging programmes which further support profitability. Additionally, companies supplying labour, equipment and servicing to the Resources sector are also expected to benefit from higher-than-expected commodity prices resulting in more forward orders and work-in-hand. The weak Australian dollar has supported the share prices of offshore earners, where high quality companies have extended their outperformance. Ausbil expect favourable results from these companies.

### What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from ASL, AMP Life or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (underlying fund). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither AMP Life, ASL, any other company in the AMP Group nor underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.