

# Future Directions Asian Share

Quarterly Investment Option Update

30 June 2018

## Aim and Strategy

To provide high returns over the long term, whilst accepting a higher level of volatility, through a diversified portfolio of international shares within the Asia ex-Japan universe. The objective is to provide a total return, after costs and before tax, above the return from the MSCI All Countries Asia ex-Japan (Unhedged) Index on a rolling 3 year to 5 year basis.

## Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://www.amp.com.au)

## Availability

Product name	APIR
<a href="#">AMP Flexible Lifetime Super</a>	AMP1197AU
<a href="#">AMP Flexible Super - Retirement account</a>	AMP1344AU
<a href="#">AMP Flexible Super - Super account</a>	AMP1473AU
<a href="#">CUSTOM SUPER</a>	AMP1197AU
<a href="#">Flexible Lifetime - Allocated Pension</a>	AMP1201AU
<a href="#">Flexible Lifetime Investment</a>	AMP1205AU
<a href="#">Flexible Lifetime Investment (Series 2)</a>	AMP1408AU
<a href="#">Signature Super</a>	AMP1211AU
<a href="#">Signature Super Allocated Pension</a>	AMP1220AU

Top Ten International Shares Exposure	%
Tencent Holdings Ltd	7.41
Alibaba Group Holding Ltd	5.95
Samsung Electronics Co Ltd	5.17
TSMC	5.17
AIA Group Ltd	2.48
CNOOC Ltd	2.31
PING AN	2.08
Baidu Inc	1.89
DBS Group Holdings Ltd	1.78
Infosys Ltd	1.71

## Investment Option Overview

**Investment category** Specialist Equities

**Suggested investment timeframe** 7+ years

**Relative risk rating** High

**Investment style** Multi-Manager

Asset Allocation	Benchmark	Range (%)
International shares	100	90-100
Cash	0	0-10

Industry Exposure	%
Information Technology	35.69
Financials	25.95
Consumer Discretionary	7.59
Real Estate	6.10
Energy	4.68
Materials	3.66
Consumer Staples	3.37
Cash	3.30
Industrials	2.96
Health Care	2.77
Utilities	2.45
Telecommunication Services	1.45
Others	0.04

Country Exposure	%
China	38.87
Republic of Korea	12.75
Hong Kong	12.08
Taiwan	11.29
India	10.52
Singapore	3.31
Cash	3.30
Malaysia	2.69
Thailand	1.88
Indonesia	1.64
United Kingdom	0.69
United States	0.55
Philippines	0.40

Country Exposure	%
Other	0.04

## Portfolio Summary

- > International equities had a solid June quarter, notwithstanding lingering geopolitical concerns.
- > The Fund posted a strong positive return for the quarter, outperforming its benchmark.
- > Earnings prospects appear particularly favourable in North Asia.

## Investment Option Commentary

The Fund posted a strong positive return for the quarter, outperforming its benchmark. Both Investec and Lazard posted positive returns and outperformed the benchmark.

In terms of country allocation, the Fund benefited primarily from an underweight exposure to India and an overweight exposure to China. An underweight exposure to Taiwan and an overweight exposure to Thailand detracted slightly from performance. In terms of stock selection, holdings in Hong Kong, Taiwan and India were the main contributors, while South Korea was the only significant detractor.

At the industry sector level, the Fund benefited primarily from an overweight exposure to information technology and an underweight exposure to industrials. Overweight exposures to energy and materials detracted slightly from performance. In terms of stock selection, holdings in consumer discretionary, information technology and financials were the main contributors, while materials was the only significant detractor.

Chinese e-commerce and cloud computing company Alibaba was among the key contributors to performance over the quarter. Investors welcomed the company's announcement of quarterly earnings that exceeded expectations and a planned US\$6 billion share buyback program. This has prompted several sell-side analysts to upgrade their ratings of the company.

In contrast, Silicon Motion Technology and LG Chem weighed on performance, as the stocks were subject to investor profit-taking following a period of strong share price gains.

## Market commentary

International equities had a solid June quarter, with sentiment still dominated by optimism, despite lingering geopolitical concerns around the globe. Global shares were up by 2.8% as measured by the MSCI World ex Australia Net Index in local currency. (The return was stronger in Australian dollar terms due to currency movements.) The US share market reached yet another record high during June, however pulled back toward the end of the month as central banks made some further comments around reducing fiscal and monetary stimulus that were perceived as more hawkish than expected. With some stronger than expected economic data being released, Asian markets did better than most; Japan's TOPIX 100 Accumulation index returned 6.8% and the Chinese CITIC300 returned 7.6%. Stock markets in South Korea, Taiwan and Indonesia also posted strong returns for the quarter, leaving Pakistan as the only area of significant weakness.

## Outlook

Although the new US administration has been broadly positive for stocks, there remains considerable uncertainty regarding future actions particularly in the implementation of political intentions. However, following any short-term weakness, we still expect shares to trend higher over the next 12 months, helped by the synchronised pickup in global economic activity data, the growing inflationary impulse, and the ultimate feed through to nominal growth and nominal corporate earnings. Earnings prospects appear particularly favourable in North Asia, specifically within South Korea, Taiwan and China, where cyclical and financial stocks are key areas of interest.

## 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)

### 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.