Future Directions Growth

Quarterly Investment Option Update

30 June 2018

Aim and Strategy

To provide high returns over the long term through a diversified portfolio investing mostly in shares with some exposure to property, fixed interest and alternative assets.

The portfolio aims to achieve a rate of return above inflation after costs over a 5 to 7 year period.

(Multi-manager investment approach)

Investment Option Performance

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

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0510AU
AMP Flexible Super - Retirement account	AMP1353AU
AMP Flexible Super - Super account	AMP1482AU
CUSTOM SUPER	AMP0510AU
Flexible Lifetime - Allocated Pension	AMP0603AU
Flexible Lifetime - Term Pension	AMP0925AU
Flexible Lifetime Investment	AMP0691AU
Flexible Lifetime Investment (Series 2)	AMP1417AU
METCASH SUPERANNUATION PLAN	AMP0510AU
MultiFund Flexible Income Plan	AMP0582AU
Signature Super	AMP0800AU
Signature Super Allocated Pension	AMP1155AU

Investment Option Overview

Investment category	Diversified - Moderately Aggressive
Suggested investment timeframe	5 - 7 years
Relative risk rating	Medium - High
Investment style	Multi Manager

Asset Allocation	Benchmark	Range (%)
Australian Shares	35	20-60
Global Shares	33	20-60
Growth Alternatives	16	0-35
Australian Property	6	0-40
Global Property		
Defensive Alternatives	0	0-15
Australian Bonds	5	0-25
Global Bonds	3	0-15
Cash	2	0-20

Top Ten Australian Shares Exposure	%
BHP Billiton Ltd	6.47
CSL Ltd	4.97
National Australia Bank Ltd	4.80
COMMONWEALTH BANK AUST	4.67
Westpac Banking Corp	4.24
Australia & New Zealand Banking Group Ltd	4.21
Macquarie Group Ltd	4.16
Aristocrat Leisure Ltd	2.89
Rio Tinto Ltd	2.86
Woodside Petroleum Ltd	2.73

Top Ten International Shares Exposure	%
APPLE INC	2.25
Microsoft Corp	1.73
HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND	1.65
Amazon.com Inc	1.63
Alphabet Inc	1.59
Facebook Inc	1.18
JPMORGAN CHASE & CO	0.89
Royal Dutch Shell PLC	0.75
EXXON MOBIL CORPORATION	0.74
UnitedHealth Group Inc	0.73

Actual Allocation	%
International Shares	41.38
Australian Equities	28.43
Alternative Assets Growth	15.79
Cash	5.00
Australian Fixed Interest	3.44
International Listed Property	3.00
Direct Property	1.91
International Fixed Interest	0.98
Alternative Assets Defensive	0.07

Portfolio Summary

> Returns were much improved over the June quarter, concluding what was another positive financial year for the Fund.
> Growth assets rebounded from the previous quarter, whereas defensive assets delivered more modest returns
> We continue to hold equity allocations at neutral level and prefer cash to bonds

Investment Option Commentary

The Fund delivered a positive return during the June quarter and recorded a positive result over the financial year. This was a period marked by two distinct halves; a stable, upward trend across most asset classes in the first six months followed by increased volatility in the second half, particularly through early 2018.

Since our last quarterly update, the Fund recouped the losses experienced during the March quarter. Equity markets were particularly strong through the quarter (up 3.0%), helped by further evidence of global growth, supportive interest rate settings and a positive earnings season. These factors also helped equity markets generate double digit returns for the last year. For Australian-based investors, the depreciation of the currency also provided a further boost to the performance of unhedged international equities (5.5% over the quarter and 15.4% for the year). The Australian market also performed solidly, up 7% on the quarter and 9% on the year. The gains were largely driven by the resource sector (up 40% for the financial year) on the back of higher commodity prices and the higher US dollar which boosted the returns of Australian based businesses with offshore earnings. In addition, property and infrastructure investments also generated solid returns for the quarter and year helping to offset relatively modest returns from bonds and alternative strategies.

Fund Positioning and Outlook

Looking forward, we anticipate increased sensitivity to any emerging signs of inflation and how central banks will proceed to fine-tune their monetary policy at this point in the cycle. In addition, there are several geopolitical concerns that are unlikely to be resolved in the near-term, specifically the threat of a China/US trade war, which will add to uncertainty. Whilst we continue to believe equity markets will perform moderately well we remain cognisant of increased volatility in the months ahead. We continue to hold equity exposure at a neutral level (in line with our strategic benchmark) and prefer cash to bonds, as we believe that bonds are at risk of the market potentially underestimating inflationary pressure and future interest rate increases in the US.

Contact Us

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