

Perennial Value Income Wealth Defender



Quarterly Investment Option Update

30 June-2018

Availability

Product name	APIR
Flexible Super – Choice (Retirement)	AMP1589AU
Flexible Super – Choice (Super)	AMP1577AU
CustomSuper	AMP1529AU
Flexible Lifetime – Allocated Pension	AMP1541AU
Flexible Lifetime – Super	AMP1529AU
Signature Super	AMP1553AU
Signature Super – Allocated Pension	AMP1565AU

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. You can also view the last investment performance specific to you by visiting your My Portfolio account.

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Overview

Aim & Strategy: To provide investors with an attractive level of tax effective income. The portfolio aims to achieve a dividend yield, adjusted for applicable franking credits and before fees, above that provided by the S&P/ASX 300 Accumulation Index*. The portfolio will invest in a well-diversified range of publicly listed companies on Australian and international stock exchanges, which the investment manager believes have the ability to pay a consistent level of dividends (including franking credits, where applicable) and which demonstrate financial soundness. Equity investments may include Australian and international listed property Portfolios and listed investment companies. The investment manager will aim to keep the portfolio's net realised capital gains to a minimum. The portfolio will hold in the range of 20 to 70 stocks. The portfolio will attempt to be fully invested at all times. The majority of foreign currency exposure will be hedged into Australian dollars. The maximum foreign currency exposure will be 10% of the portfolio. The portfolio may utilise derivative instruments for risk management purposes, subject to the specific restriction that they cannot be used to gear portfolio exposure.

* Gross dividend yield as assessed against the S&P/ASX 300 Accumulation Index.

Investment category: Australian equities

Suggested Investment Timeframe: 5+ years

Relative Risk Rating: High

Investment Style: Value

Asset Allocation	Actual (%)	Range (%)
Australian Shares	88.5	50 - 100
Cash	11.5	0 - 50

Holdings

Industry Exposure	%
Energy	5.7
Materials	11.1
Industrials	0.8
Consumer Discretionary	9.6
Consumer Staples	10.8
Health Care	0.0
Financials-x-Real Estate	39.7
Real Estate	5.7
Information Technology	0.0
Telecommunication Services	2.6
Utilities	2.7
Cash & Other	11.5

Regional Exposure	%
Australia	100

Top Ten Securities	%
Westpac Banking Corporation	9.2
BHP Billiton Limited	8.5
ANZ Banking Group Limited	8.3
National Australia Bank	7.6
Macquarie Group Limited	5.3
Wesfarmers Limited	4.9
Woodside Petroleum	4.8
Woolworths Limited	3.7
Commonwealth Bank	3.2
TABCORP Holdings Limited	2.7

Investment Option Commentary

Better performing stocks over the month included Caltex Australia (+10.6%), which rose after providing sound first half earnings guidance combined with the announcement that the proposed purchase of Woolworths' fuel business by BP would not proceed. Caltex is currently the fuel supplier to the Woolworths petrol station network and the retention of this business would be a significant positive. Woodside Petroleum (+9.4%) outperformed on the stronger oil price, while Suncorp (+8.6%) and Macquarie Group (+8.2%) continued their strong recent performances. Both Wesfarmers (+8.6%) and Woolworths (+7.2%) outperformed, with continued positive sentiment towards the supermarket sector. Other stocks which outperformed included Scentre Group (+5.0%), IAG (+4.9%) and Boral (+4.1%).

The portfolio benefitted from its overweight position in the major banks as they rallied an average of +4.1% over June. In the Fund's view, the banks are offering attractive valuations and dividend yields, having been sold off over the past year on the back of negative sentiment from the Royal Commission.

Stocks which detracted from performance include Telstra (-6.6%), which declined after lowering earnings on the back of increased mobile competition and announcing a major

restructuring, Event Hospitality (-6.0%) on softer box office takings and Platinum Asset Management (-5.1%).

In terms of portfolio activity, with no significant changes made to the portfolio.

Outlook

The portfolio continues to offer a higher forecast gross yield than the overall market and, as always, the focus will continue to be on investing in quality companies which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors, while carrying a level of protection sufficient to reduce the magnitude of significant negative returns during sharp equity markets falls. Further, the Fund Manager believes the current very low interest rates highlight the relative attractiveness of financially-sound, high dividend yielding equities.

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