

Professional High Growth

Quarterly Investment Option Update

30 June 2018

Aim and Strategy

To provide high investment returns over the long term, with the likelihood of significant fluctuations in the value of the investment from year to year. The portfolio will primarily invest in a diversified mix of defensive and growth assets managed by professional asset managers identified and selected by ipac within each asset class.

(Multi Sector (Traditional) 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	AMP1957AU
AMP Flexible Super - Retirement account	AMP1964AU
AMP Flexible Super - Super account	AMP1971AU
Flexible Lifetime - Allocated Pension	AMP1950AU
Flexible Lifetime - Term Pension	AMP1950AU
Flexible Lifetime Investment (Series 2)	AMP1982AU
Signature Super	AMP1732AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	40	36-50
Global Shares	46	40-54
Growth Alternatives	5	0-10
Australian Property	6	0-30
Global Property		
Global Infrastructure		
Defensive Alternatives	0	0-10
Australian Bonds	0	0-5
Global Bonds	0	0-5
Cash	2	0-10

Investment Option Overview

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

Top Ten Australian Shares Exposure	%
COMMONWEALTH BANK AUST	7.11
BHP Billiton Ltd	6.31
Westpac Banking Corp	5.66
CSL Ltd	4.89
Australia & New Zealand Banking Group Ltd	4.71
National Australia Bank Ltd	4.17
WESFARMERS LTD	3.08
WOOLWORTHS GROUP LTD	2.40
Macquarie Group Ltd	2.37
Rio Tinto Ltd	2.32

Top Ten International Shares Exposure	%
GMO Emerging Markets Trust	2.87
Visa Inc	1.27
Royal Dutch Shell PLC	1.21
Amazon.com Inc	1.11
APPLE INC	1.08
Home Depot Inc/The	0.97
Alphabet Inc	0.95
Facebook Inc	0.94
Microsoft Corp	0.93
HDFC Bank Ltd	0.82

Actual Allocation	%
International Shares Unhedged	38.39
Australian Shares	36.99
International Shares Hedged	11.22
Real Assets	5.12
Cash	4.58
Alternative Growth	3.60
Alternative Defensive	0.10

Investment Option Commentary

Despite a number of global concerns for investors throughout the June quarter, most markets climbed the ‘wall of worries’ to rise strongly. The MSCI World ex Australia Net Index finished the period higher by 3.4% in local currency terms. Concerns included negative US rhetoric towards Europe with the threat of tariffs on automotive imports, ongoing US/China counter-retaliatory tariff threats, early inflationary concerns in the US, currency concerns in emerging markets (EM) as the US dollar rose and subsequent concerns around the increasing real debt levels of many EM companies which hold their debt in US dollars. The MSCI Emerging Markets total return index was consequently down by 3.5%. China’s market particularly suffered amid the US trade skirmishes, ending the period down by 10.6%. Meanwhile, the US S&P 500 total return index ended the period up 3.4%, as companies continue to grow their earnings and economic growth remains strong. The UK’s FTSE 100 total return index was extremely strong and reached record-highs in the June quarter, up 9.6% as the Sterling fell (leading to a significant increase in earnings for many UK-based international businesses), commodity prices rose and the Bank of England remained a little less hawkish than expected. (All figures quoted in local currency terms.)

Australian shares were up very strongly in the June quarter, the S&P/ASX200 Accumulation Index soaring 8.5% during the period. Energy and healthcare were the standout sectors for the quarter, rising 19.7% and 16.5% respectively, largely driven by rising resource prices and the rising US dollar; which is heavily tied to the earnings expectations for many Australian businesses, notably (and respectively) BHP and CSL, who were the market’s top contributors for the quarter. Telecommunications was the only negative performing sector, down 13.7% for the period, as Telstra fell further on continued shorter-term concerns of reducing profits and dividends, despite the business announcing cost-cutting to be on track and further detailing their new strategy to gain market share. Meanwhile, one of the top performing stocks was poker machine manufacturer Aristocrat Leisure, which rose by 29.2% over the June quarter as the company announced soaring revenue amid strong growth in its digital gaming division.

We have modestly increased our cash holdings over the past six months in anticipation of a rise in volatility as financial condition in the US tighten further.

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