

Responsible Investment Leaders Growth



Quarterly Investment Option Update

30 June 2018

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the return from the relevant benchmarks of the underlying investments on a rolling 5 year basis. The portfolio invests in all asset classes, but with an emphasis on growth assets (shares and property).

With the exception of cash and listed property, the portfolio is managed using a Responsible Investment approach – an approach that focuses on investing in companies that contribute to a socially and environmentally sustainable world (see page 1 for more information).

(Responsible investing/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	AMP1035AU
AMP Flexible Super - Retirement account	AMP1373AU
AMP Flexible Super - Super account	AMP1502AU
CUSTOM SUPER	AMP1035AU
Flexible Lifetime - Allocated Pension	AMP1024AU
Flexible Lifetime - Term Pension	AMP1045AU
Flexible Lifetime Investment	AMP1058AU
Flexible Lifetime Investment (Series 2)	AMP1436AU
METCASH SUPERANNUATION PLAN	AMP1035AU
Signature Super	AMP0979AU
SignatureSuper Allocated Pension	AMP1175AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	40	30-50
Global Shares	38	30-50
Growth Alternatives	3	0-7
Australian Property	6	0-12
Australian Bonds	5	0-13
Global Bonds	5	0-18
Cash	3	0-13

Top Ten Australian Securities	%
BHP Billiton Ltd	7.61
Westpac Banking Corp	6.37
National Australia Bank Ltd	6.33
COMMONWEALTH BANK AUST	5.71
CSL Ltd	4.93
Macquarie Group Ltd	4.42
Rio Tinto Ltd	3.22
Australia & New Zealand Banking Group Ltd	2.98
Woodside Petroleum Ltd	2.44
LendLease Group	2.12

Investment Option Overview

Investment category	Diversified - Moderately Aggressive
Suggested investment timeframe	6-9 years
Relative risk rating	Medium - High
Investment style	Responsible investing / multi-manager

Top Ten International Shares Exposure	%
APPLE INC	1.74
Microsoft Corp	1.74
TOTAL SA	1.71
PepsiCo Inc	1.57
Equinor ASA	1.46
Estee Lauder Cos Inc/The	1.39
Alphabet Inc	1.37
Unilever PLC	1.27
Mastercard Inc	1.18
Cigna Corp	1.16

Actual Allocation	%
International Equities-(UH)	44.33
Australian Equities	35.37
Fixed Interest	9.19
International Listed Property	5.26
Cash	3.36
Infrastructure	2.50
Alternative Assets	0.00
Alternative Assets Growth	0.00
Australian Listed Property	0.00
Direct Property	0.00
Emerging Markets	0.00
Intl Fixed Interest - Credit	0.00
Intl Fixed Interest - Govt	0.00
Other	0.00

Portfolio Summary

- > The Option was positive over the June quarter as equity markets rebounded.
- > The Option performed approximately in line with the benchmark over the period.

Investment Option Commentary

The All Growth Option performed well over the last 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 Option recouped the losses experienced over the preceding three months. A supportive global economic backdrop, strong corporate earnings, and expectations that global interest rate increases will be gradual, helped to propel international equities allocations higher. For Australian-based investors, the depreciation of the Australian dollar also provided a significant boost to the performance of unhedged offshore equities, which rose by over 5% over the quarter compared to a hedged return of 3.7%. Furthermore, a sizeable position in Australian equities was also supportive of Option performance, given the improvement in commodity prices and the Australian dollar depreciation. The Option's other investments in property, infrastructure and alternatives (private equity, hedge funds) experienced mixed results over the quarter with property and infrastructure generating gains, whilst alternatives retreated.

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. While we continue to believe equity markets will perform moderately well we remain cognisant of downside volatility in the months ahead. We continue to hold equity allocations at neutral levels.

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