

# Responsible Investment Leaders High Growth

Quarterly Investment Option Update  
30/06/2018

## Aim and Strategy

To provide a total return (primarily capital growth with some income) after costs and before tax, above the return from the relevant benchmarks of the underlying investments on a rolling 7 year basis through a diversified portfolio of Australian and international shares.

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](http://www.amp.com.au)

### Availability

Product name	APIR
Signature Super	AMP1185AU

### Investment Option Overview

<b>Investment category</b>	Diversified - Aggressive
<b>Suggested investment timeframe</b>	7+ years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Responsible investing / multi-manager

Asset Allocation	Benchmark	Range (%)
Australian Shares	60	55-65
Global Shares	40	35-45
Cash	0	0-10

Actual Allocation	%
Australian Equities	57.46
International Shares	41.62
Cash	0.92

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
Lend Lease Group	2.12

Top Ten International 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

## 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 High 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, while 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 level and prefer cash to bonds, as we believe that bonds are at risk of investors potentially underestimating inflationary pressure and future interest rate increases in the US.

## Contact Us

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