Super Easy International Share

Quarterly Investment Option Update

30 June 2018

Aim and Strategy

To provide returns over the long term in line with an appropriate index by investing in international equities. Exposure to this asset class will be attained through the use of index focused investment managers. The strategy aims to provide returns that track the MSCI World ex Australia ex Tobacco Index with net dividends reinvested.

Investment Option Performance

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

Availability

Product name	APIR
AMP Flexible Super - Retirement account	AMP1618AU
AMP Flexible Super - Super account	AMP1609AU

Investment Option Overview

Investment category	International Shares
Suggested investment timeframe	5-7years
Relative risk rating	High
Investment style	Index

Top Ten International Shares Exposure	%
APPLE INC	2.41
Microsoft Corp	1.84
Amazon.com Inc	1.78
Alphabet Inc	1.75
Facebook Inc	1.19
JPMORGAN CHASE & CO	0.92
EXXON MOBIL CORPORATION	0.89
Johnson & Johnson	0.83
Royal Dutch Shell PLC	0.75
BANK OF AMERICA CORP	0.72

Industry Exposure	%
Information Technology	18.90
Financials	15.84
Consumer Discretionary	13.40
Industrials	12.10
Health Care	10.94
Consumer Staples	6.45
Energy	6.29
Materials	5.07
Utilities	2.91
Real Estate	2.72
Telecommunication Services	1.66
Unclassified	1.65
Cash	1.25
Other	0.82

Fund commentary

The Fund underperformed the benchmark during the June quarter. 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 ex Tobacco Index finished the period higher by 5.6% on a total return basis (in Australian dollar 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, unless otherwise stated.)

Outlook

Although economic fundamentals remain broadly positive for stocks, the potential for a US initiated trade war has increased, resulting in increased volatility and uncertainty. However, at this juncture, unless trade war risks escalate significantly, we still expect shares to trend higher over the next 12 months, helped by the synchronised pickup in global economic activity data and the flow-through to growth and corporate earnings. Although some election outcomes in the Eurozone have recently been decided, reducing uncertainty, there remain some unresolved tensions between member states which have impacted some European markets. Emerging market equities are likely to remain under pressure while the threat of a trade war remains and the US dollar remains strong. Japanese and individual European equities continue to be our pick to see the better performance in the current global macro-environment.

Contact Us

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