

AMP Capital Equity

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide investors with long-term capital growth through investment in a portfolio of Australian securities, listed or about to be listed, on the Australian Securities Exchange. Investment is diversified across a range of industries and sectors, with a focus on the largest 200 companies. In constructing the portfolio, AMP Capital employs a systematic rules-based approach where no individual stock fundamental analysis is conducted and the investment team use large sets of data to analyse stocks through intelligent screening methods.

Investment Option Performance

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

Investment Option Overview

Investment category	Multi-Sector
Suggested investment timeframe	7 years
Relative risk rating	High
Investment style	Growth

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Sector Allocation	%
Financials	31.77
Materials	17.63
Health Care	8.47
Consumer Staples	7.69
Industrials	7.62
Real Estate	7.33
Energy	5.91
Consumer Discretionary	4.52
Information Technology	2.57
Telecommunication Services	2.54
Cash	2.11
Utilities	1.83

Portfolio Summary

- > The Australian share market made a positive return during the period
- > The Portfolio's marginal underperformance during the period was driven by slightly negative asset allocation positioning and stock selection
- > Australian companies remain sensitive to banking capitalisation requirements, economic growth and commodity prices

Fund Performance

Australian shares closed the September quarter up 1.53%, as measured by the S&P/ASX200 Accumulation Index.

In July the market climbed higher on positive expectations of earnings growth for the reporting season and was driven by a particularly strong communications sector.

Stocks continued to rise in August through the reporting season, where businesses showed reasonable levels of earnings growth, roughly in line with overall expectations. Key themes were continuing strong dividend payments, some pressure from higher raw material costs, outperformance by high quality offshore-exposed companies and softer than expected earnings guidance. On the negative side, there were some small but marked rises in consumer arrears, within areas such as mortgages and utility bills, indicating a degree of stress in some household finances.

In September, the market gave back some of the gains, as sentiment towards the banking sector continued to sour, culminating with the release of the Royal Commission's scathing preliminary report late in the month. Further residential property declines amid worsening credit conditions, combined with banks raising their interest rates during the month sparked further pullbacks in bank shares.

Telecommunications and industrials were standout performers during the quarter, while utilities, consumer staples and financials all underperformed. Australian stocks with US dollar earnings generally did well as the US dollar continued to rise.

The AMP Capital Equity Fund delivered a positive absolute return for the quarter but marginally underperformed the S&P/ASX 200 Index. Underperformance was a function of both asset allocation and stock selection. Asset allocation was mixed across the sectors with positive contributions particularly from the information technology and materials sectors, but these were offset by the consumer discretionary, consumer staples and telecommunication services sectors

During the quarter, the top contributors to benchmark relative performance were underweight positions in NuFarm and Pact Group Holdings, which both saw their share price fall by around 25% over the quarter. The next largest contributors to relative performance were Fund's overweight positions in information technology companies WiseTech Global and Afterpay Touch Group.

Conversely, the main detractors for the quarter were Telstra Corp which was held as an average underweight during the quarter and the marginal overweight position in SandFire Resources.

The Fund is characterised as being a highly diversified portfolio with breadth of stock holdings. Across the sectors, the Fund's largest underweights are towards the financials and materials sectors.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0468AU*
AMP Flexible Super - Retirement account	AMP1324AU*
AMP Flexible Super - Super account	AMP1454AU*
CustomSuper	AMP0468AU*
Flexible Lifetime - Allocated Pension	AMP0598AU*
Flexible Lifetime - Term Pension	AMP0898AU*
Flexible Lifetime - Investments (Series 1)	AMP0018AU*
Flexible Lifetime - Investments (Series 2)	AMP1394AU*
SignatureSuper	AMP2047AU*
SignatureSuper - Allocated Pension	AMP2048AU*

* Closed to new investors

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