

# International Share Index

Quarterly Investment Option Update

30 September 2018

## Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, higher than the return from the benchmark on a rolling 12-month basis. The portfolio invests in international shares and partially replicates the MSCI World (ex-Australia) (ex Tobacco) Index. Some of the portfolio's underlying managers may use short selling with the aim of implementing the investment objectives. The investment option may be geared, but in normal circumstances, the investment option will be no more than 100% exposed to international share market movements, after taking into account derivative positions. In normal circumstances, the investment option is unhedged to Australian dollars.

## Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Global shares
<b>Suggested investment timeframe</b>	5 - 7 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Index Focused

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Global shares	100
Cash	0

## Market review

Global shares, particularly those in developed markets, were up strongly in the September quarter, the MSCI World ex Australia Net Index finishing the period higher by 5.39% for the period. In the US, decidedly positive sentiment lingered from good corporate earnings growth, combined with continued strong economic growth and low unemployment. The S&P 500 total return index ended the period up a scorching 7.71%, touching record highs in the process. Trade-related developments, while providing a source of volatility (both on the positive and negative side) were again a feature. While there was much negative media surrounding the war of words leading up to the threshing out of new deals, most developed markets seemed not overly concerned. There was also a marked change in top-performing sectors; technology stocks came under some pressure, while some of the more traditionally defensive segments of the market, such as REITs did well, which was perhaps a little surprising given rising bond yields. Some emerging markets struggled during the quarter, as the strong US dollar fanned currency outflows from markets such as Turkey, where inflation was recently estimated to be running at over 100% on an annual basis. Commodity prices however provided some support to many emerging markets and the MSCI Emerging Markets total return index finished down by just 0.04%. (All figures quoted in local currency terms.)

## 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 expected continued pickup in global economic activity data outside the US 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 on a valuation basis in the current global macro-environment.

## Availability

Product name	APIR
CustomSuper	AMP0858AU
Flexible Lifetime - Allocated Pension	AMP0871AU
AMP Flexible Lifetime Super	AMP0858AU
Flexible Lifetime - Term Pension	AMP0902AU
SignatureSuper	AMP0807AU
SignatureSuper - Allocated Pension	AMP1165AU

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