

Responsible Investment Leaders International Share

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the MSCI All Country World Index (net dividends reinvested) on a rolling five-year basis. The portfolio invests primarily in international shares diversified by region, industry and company type and is managed using a responsible investment approach. The portfolio may also invest a portion of its assets in emerging markets. In certain market conditions, the portfolio may hold a higher level of cash (see additional information about Responsible Investment Leaders for more information).

Investment Option Performance

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

Investment Option Overview

| | |
|---------------------------------------|---------------------------------------|
| Investment category | Global shares |
| Suggested investment timeframe | 5 years |
| Relative risk rating | High |
| Investment style | Responsible investing / Multi-Manager |

| Asset Allocation | Benchmark (%) |
|-------------------------|----------------------|
| Global shares | 100 |
| Cash | 0 |

| Actual Allocation | % |
|------------------------------------|----------|
| Global shares | 92.54 |
| Australian shares | 1.39 |
| Listed property and infrastructure | 0.92 |
| Cash | 4.70 |
| Other | 0.45 |

| Top Holdings | % |
|------------------------|----------|
| Visa Inc | 1.75 |
| Microsoft Corp | 1.73 |
| Apple Inc | 1.48 |
| Sony Corp | 1.39 |
| Citigroup Inc | 1.33 |
| Roche Holding AG | 1.21 |
| Alphabet Inc | 1.18 |
| American Express Co | 1.18 |
| Berkshire Hathaway Inc | 1.17 |
| Cigna Corp | 1.00 |

| Region Allocation | % |
|--------------------------|----------|
| North America | 52.28 |
| Europe ex UK | 14.03 |
| Asia ex Japan | 11.45 |
| Japan | 8.13 |
| Cash | 4.71 |
| United Kingdom | 4.55 |
| Others | 3.46 |
| Australasia | 1.39 |

| Sector Allocation | % |
|----------------------------|----------|
| Financials | 19.87 |
| Information technology | 15.92 |
| Health Care | 11.73 |
| Consumer discretionary | 9.55 |
| Consumer staples | 9.31 |
| Industrials | 7.88 |
| Materials | 5.88 |
| Energy | 4.99 |
| Cash | 4.71 |
| Others | 3.70 |
| Telecommunication services | 2.81 |
| Real estate | 2.32 |
| Utilities | 1.32 |

What Happened Last Period

- > The Fund produced a strong absolute return in the September quarter, roughly in line with the benchmark (before fees).
- > Global shares, particularly those in developed markets, were up strongly over the period.
- > Volatility is likely to remain high in the short-term due to US political noise and a more aggressive US Federal Reserve.

Fund Performance

The Fund outperformed its benchmark over the September quarter (before fees). 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%. 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 |
|--|-----------|
| AMP Flexible Lifetime Super | AMP1036AU |
| AMP Flexible Super - Retirement account | AMP1374AU |
| AMP Flexible Super - Super account | AMP1503AU |
| CustomSuper | AMP1036AU |
| Flexible Lifetime - Allocated Pension | AMP1025AU |
| Flexible Lifetime - Term Pension | AMP1046AU |
| Flexible Lifetime - Investments (Series 1) | AMP1059AU |
| Flexible Lifetime - Investments (Series 2) | AMP1437AU |
| SignatureSuper | AMP1068AU |
| SignatureSuper - Allocated Pension | AMP1176AU |

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267 (Mon. to Fri. 8:30am to 6:00pm AEST)



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