

AMP Capital Equity

Quarterly Investment Option Update

31 March 2019

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	Active

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Sector Allocation	%
Financials	30.40
Materials	18.38
Health Care	8.23
Consumer Staples	5.31
Industrials	7.99
Real Estate	7.20
Energy	5.44
Consumer Discretionary	6.25
Information Technology	2.28
Communication Services	3.45
Cash	3.07
Utilities	1.99

Fund Performance

The Fund outperformed the S&P/ASX 200 total return index during the quarter. This was a function of stock selection, particularly within the information technology and financials sectors. Asset allocation was mixed across the sectors, with positive contributions from the consumer staples and energy sectors being offset by negative contributions from communication services, health care and real estate.

During the quarter, the top contributors to the relative performance were underweight positions in Eclix Group Ltd and Nufarm Ltd. Eclix Group's share price experienced a very large decrease in March due to a softer than expected trading update, company restructure and the likelihood that the merger with MMS would not proceed. The main detractors for the month were ResMed Inc, Charter Hall Group Ltd and Star Entertainment Group Ltd. ResMed and Star Entertainment Group are overweight positions for the fund. ResMed's share price fell during the quarter, after delivering lower than expected 2Q19 results.

In regard to overall positioning, the Fund remains a highly diversified portfolio. Across the sectors, the Fund's largest overweights are towards the industrial and health care sectors, whilst it is underweight the real estate sector.

Market Review

In line with broader global equities, Australian shares posted very strong gains in the March quarter, after significant falls in late 2018. The S&P/ASX200 total return index finished up by 10.89% for the period. The bulk of the quarter's gains came in January and February, as both the banking Royal Commission and domestic reporting season proved to be largely free of any negative surprises, allowing global bullish sentiment to remain the prime driver of the domestic market. Despite the strong performance, uncertainty remains around the upcoming Federal Election and the Labor opposition's proposed tax changes, which include the removal of franking credits for individuals who do not pay tax or receive a tax refund, mainly impacting self-funded retirees who largely own shares for income purposes. Speculation of an interest rate cut from the Reserve Bank (RBA) has also increased, which is also positive for Australian equities, though balancing this, fears of a pull-back in global growth remain, particularly in the US and parts of Europe.

Outlook

Australian shares remain exposed to a global slowdown, particularly in the resources segment. Banking profitability is also likely to be constrained by increased macro-prudential regulation, capital-holding requirements and a shifting banking structural landscape. Credit will likely continue to be subdued as banks tighten lending standards and business confidence pulls back. Economic uncertainty could also amplify market volatility as we approach the general election in 2019 and the parties stake-out their economic plans for the future. In the current environment, investors should benefit by being highly selective and focussing on companies with strong business fundamentals.

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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