

Arrowstreet Global Equity

Quarterly Investment Option Update

31 March 2019

Aim and Strategy

To achieve a long-term total return (before fees and expenses) that exceeds the MSCI All Country World ex-Australia Index, in Australian dollars unhedged with net dividends reinvested. The portfolio provides exposure to a diversified portfolio of global equities which may include securities listed in emerging markets as well as securities of small capitalisation companies. The option will not invest in 'tobacco' securities as defined by Global Industry Classification Standards (GICS) and 'controversial weapon' securities as defined by MSCI, Inc. The option is actively managed using a quantitative approach and stock selection modelling to evaluate securities on an integrated basis to exploit tactical opportunities across different factors with the aim of controlling risk relative to its benchmark and maximising the likelihood of outperforming its benchmark. Arrowstreet's stock selection models are designed to:

- understand what information is likely to impact stock prices and obtain the information to forecast individual stock returns by evaluating a stock's potential on the basis of a diverse set of direct and indirect effects, and
- identify particular signals or segments of the market that exhibit the greatest mispricing (or inefficiencies) at any point in time.

The option may use derivatives to manage currency risk arising from differences in the currency weights of the portfolio's investments compared to its benchmark. The portfolio's exposure to foreign currencies is not hedged back to Australian dollars.

Investment Option Performance

To view the latest investment performances for each product please visit amp.com.au

Investment Option Overview

Investment category	Global Shares
Suggested investment timeframe	7+ years
Relative risk rating	6/ High
Investment style	Core

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100.00	99.14
Cash	0.00	0.86

Regional Allocation	%
North America	48.24
Europe ex UK	25.88
Japan	9.53
Emerging markets	9.02
United Kingdom	4.91
Asia ex Japan	1.57

Sector Allocation	%
Information technology	23.30
Health care	20.65
Financials	9.07
Energy	7.08
Industrials	7.63
Consumer discretionary	9.62
Consumer staples	5.51
Materials	5.78
Utilities	5.73
Communication Services	3.65
Real Estate	1.12

Top Holdings	%
Roche Holdings Ag	2.21
Novartis Ag	1.85
Rio Tinto	1.62
Mastercard Inc	1.58
Unilever Nv	1.52
Intel Corp	1.48
Samsung Electronics	1.39
Enel Spa	1.36
Merck & Co	1.36
Intl Business Machines	1.36

Market Commentary

Equity markets reversed course in the first quarter of 2019, recouping much of what they lost in the prior quarter. The macroeconomic backdrop was little changed, but investor sentiment turned positive as trade tensions appeared to ease between the US and China and fourth quarter earnings and management guidance generally exceeded conservative expectations. Additionally, China adopted further measures to stimulate its slowing economy. North America was the best performing region during the quarter, despite the year opening with a US government shutdown that lasted through most of January. Economic data in the Eurozone continued to disappoint, and a number of countries in the region fell into contractionary or recessionary territory. As a result, the European Central Bank downgraded its regional economic outlook and signalled its intention to launch a new round of monetary stimulus. Other central banks globally also turned increasingly dovish amid a backdrop of slower global growth trends. The Federal Reserve in the US halted its tightening path and announced a more accommodative approach to managing its balance sheet going forward. Easy monetary policy and growth concerns led to lower developed market bond yields and flattening, or, in the case of the US, inverting, yield curves across the globe. Finally, little progress was made on Brexit, however equity markets saw limited negative impact. Sectors that underperformed significantly at the end of 2018 rallied back in the first quarter. Information technology was the best performing sector, up over 19% after falling almost as much in the fourth quarter. Energy stocks also outperformed as WTI crude oil prices rebounded on expected supply normalization after their fourth quarter rout. Falling interest rates provided a tailwind to real estate stocks; on the other hand, financials lagged with lower rates and flatter curves. Health care and other defensive sectors also underperformed during the risk rally in the first quarter.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1530AU
AMP Flexible Super - Retirement account	AMP1590AU
AMP Flexible Super - Super account	AMP1578AU
CustomSuper	AMP1530AU
Flexible Lifetime - Allocated Pension	AMP1542AU
SignatureSuper	AMP1554AU
SignatureSuper Allocated Pension	AMP1566AU

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