

Ausbil Australian Active Equity

Quarterly Investment Option Update

31 March 2019

Aim and Strategy

The strategy predominantly invests in a portfolio of listed large cap Australian equities that are primarily chosen from the S&P/ASX 200 Accumulation Index and aims to achieve excess returns before fees over the S&P/ASX 200 Accumulation Index over rolling 3-year periods. The resulting portfolio will typically hold positions in 30-40 stocks

Investment Option Performance

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

Sector Allocation

	%
Energy	5.31
Materials	24.54
Industrials	8.29
Consumer Discretionary	4.53
Consumer Staples	7.83
Healthcare	11.23
Financials	28.14
IT	1.74
Telecommunication	2.88
Utilities	0.00
Real Estate	2.70
Cash	0.79

Investment Option Overview

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

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	N/A	99.21
Cash	N/A	0.79

Top Holdings

	%
BHP	8.99
CSL	7.31
CBA	6.97
QBE Insurance	5.39
Santos	5.31
Rio Tinto	4.71
Westpac Bank	4.28
Woolworths	3.95
Macquarie Group	3.94
ANZ Bank	3.88

Portfolio Summary

- The Australian equity market (represented by the S&P/ASX 300 Accumulation Index) delivered its best quarterly performance since September 2009, to return +10.9%.
- The Fund's performance was helped by overweight positions in the Energy, Materials and Information Technology sectors, and underweight positions in the Industrials and Financials sectors.

Investment Option Commentary

At a sector level, the Fund's overweight positions in the Energy, Materials and Information Technology sectors contributed to relative performance. The underweight positions in the Industrials and Financials sectors also added value. Conversely, the overweight positions in the Consumer Staples and Health Care sectors detracted from relative performance. The underweight positions in the Consumer Discretionary, Communication Services, Utilities and Real Estate sectors also detracted value.

At a stock level, the overweight positions in Santos, QBE Insurance, BlueScope Steel, Rio Tinto, Independence Group, The a2 Milk Company, ResMed, Macquarie Group and Seven Group added to relative performance. Conversely, the overweight positions in Challenger, Treasury Wine Estates, Galaxy Resources, Evolution Mining, CSL and Woolworths detracted from relative performance. The underweight positions in Fortescue Metals Group, Telstra, Goodman Group and Magellan also detracted value.

Market Commentary

In the first quarter of 2019, the Australian equity market (represented by the S&P/ASX 300 Accumulation Index) delivered its best quarterly performance since September 2009, to return +10.9%. Globally, Australian equities outperformed the UK (FTSE100: +9.5%) and Emerging markets (MSCI Emerging: +10.0%), but underperformed the US (S&P500: +13.6%) and European markets (EURO STOXX: +12.2%).

Domestically, small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: +12.6%) outperformed the large-cap (S&P/ASX 200 Accumulation Index: +10.9%) and mid-cap (S&P/ASX MidCap 50 Accumulation Index: +9.8%) stocks.

Over the quarter, Energy was varied with a large increase in oil prices (WTI Oil: +32.7%, Brent Oil: +30.1%), and mixed coal prices (Metallurgical Coal: +4.7%, Thermal Coal: -10.8%). Metals were mixed (Nickel: +21.1%, Zinc: +20.3%, Iron Ore: +19.9%, Copper: +8.3%, Aluminium: +2.0%, Lithium: -4.6%, Cobalt: -45.5%). Precious metals generally strengthened (Gold: +1.0%, Silver: -1.7%, Platinum: +7.5%).

Every sector of the Australian equity market (+10.9%) delivered strong performance over the quarter. Outperformers relative to the market included Information Technology (+20.0%), Materials (+18.0%), Communication Services (+16.6%), Energy (+15.2%), Real Estate (+14.0%), Consumer Discretionary (12.8%) and Utilities (+11.6%). Health Care (+6.7%), Financials (+5.9%) and Consumer Staples (5.0%) lagged the market.

Outlook

Challenging conditions continue to temper optimism, and global downside risks remain. Lower interest rate expectations contrast strong quarterly performance within commodity and equity markets.

Trade uncertainty between the US and China remains, though President Trump has said that a resolution is close. Brexit deadlocks continue with the rejection of alternate proposals, despite the looming late-May European Parliament elections. Domestically, house prices and credit continued to slow over the quarter as consumers deleveraged on account of weaker household disposable income and tighter lending standards.

Lower interest rate expectations have also been evident with the decline of 10-Year bond yields over the quarter (Australia: from 2.3% to 1.8%, US: from 2.7% to 2.4%). Despite calls by US economic advisor Kudlow for interest rates to be "immediately" cut, the Federal Reserve have kept rates on hold. Likewise, the RBA left interest rates

unchanged (1.5%), although rate cuts in the latter half of the year are expected. Strong employment data in the Australian economy, despite weak business confidence and tight credit conditions, has permitted the RBA to retain its neutral stance.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1290AU
AMP Flexible Super - Retirement account	AMP1332AU
AMP Flexible Super - Super account	AMP1461AU
CustomSuper	AMP1290AU
Flexible Lifetime - Allocated Pension	AMP1297AU
Flexible Lifetime Investment (Series 2)	AMP2045AU
SignatureSuper	AMP1304AU
SignatureSuper Allocated Pension	AMP1311AU

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