

Australian Share Index

Quarterly Investment Option Update

31 March 2019

Aim and Strategy

To provide investors with access to a portfolio of shares listed on the Australian Securities Exchange, with diversification achieved primarily through investment across a range of industries and issuers. In identifying share opportunities for the investment option we take an 'enhanced index' approach to investment. This enhanced index approach is tailored to the Australian market and provides greater potential for enhanced, risk-adjusted returns.

| Actual Allocation | (%) |
|----------------------------------|-------|
| International shares | 1.67 |
| Australian Shares | 88.93 |
| Listed Property & Infrastructure | 7.61 |
| Cash | 1.80 |

Investment Option Performance

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

Investment Option Overview

| | |
|--------------------------------|-------------------|
| Investment category | Australian Shares |
| Suggested investment timeframe | 7 years |
| Relative risk rating | High |
| Investment style | Index |

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

| Sector Allocation | % |
|----------------------------|-------|
| Financials | 30.38 |
| Materials | 18.56 |
| Industrials | 8.06 |
| Consumer discretionary | 6.29 |
| Real estate | 7.74 |
| Consumer staples | 5.40 |
| Utilities | 1.97 |
| Energy | 5.53 |
| Health care | 8.28 |
| Telecommunication services | 3.61 |
| Cash | 1.79 |
| Information technology | 2.39 |

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 | AMP0057AU |
| CustomSuper | AMP0057AU |
| Flexible Lifetime - Allocated Pension | AMP0592AU |
| Flexible Lifetime - Term Pension | AMP0892AU |
| SignatureSuper | AMP0782AU |
| SignatureSuper - Allocated Pension | AMP1136AU |

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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