

# Responsible Investment Leaders International Share

Quarterly Investment Option Update

31 March 2019

## 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](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	International Shares
<b>Suggested investment timeframe</b>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Multi-Manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
International shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
International shares	95.56
Australian shares	0.87
Listed property and infrastructure	1.46
Cash	2.11

<b>Top Holdings</b>	<b>%</b>
Microsoft Corp	2.23
Visa Inc	1.77
Alphabet Inc	1.68
Verizon Communications	1.64
HDFC Bank Ltd	1.46
Sony Corp	1.14
Roche Holding AG	1.13
Novo Nordisk A/S	1.08
Berkshire Hathaway Inc	1.06
American Express Co	1.05

<b>Region Allocation</b>	<b>%</b>
North America	51.51
Europe ex UK	15.76
Asia ex Japan	13.02
Japan	7.78
Cash	2.17
United Kingdom	5.11
Others	3.79
Australasia	0.87

<b>Sector Allocation</b>	<b>%</b>
Financials	18.50
Information technology	14.39
Health Care	12.17
Consumer discretionary	10.07
Consumer staples	11.58
Industrials	8.06
Materials	5.47
Energy	5.33
Cash	2.17
Others	0.43
Telecommunication services	7.24
Real estate	3.08
Utilities	1.51

## Fund Performance

The RIL International Share Fund produced a strong absolute performance for the quarter, though underperformed the benchmark as global equity markets continued their bounce-back from falls of the December quarter. It was a difficult quarter for active managers, with C WorldWide the only manager that outperformed in the quarter. Value, as an investment style, was out of favour, while growth stocks in the markets rebounded strongly from the sharp sell-down in late 2018. Stock selection across our underlying managers was the primary detractor. From an individual stock perspective, the overweight to Sony within the consumer discretionary sector was the largest detractor. Sony's share price fell following the announcement by Alphabet of the launch of Stadia, a cloud gaming streaming platform, this year. Our allocation to the RIL Emerging Markets Fund was positive in absolute terms, though underperformed in relative terms. Underlying managers Investec and CFS both produced solid absolute returns, though underperformed the benchmark.

## Market Review

After heavy falls in the December quarter, global share markets posted extremely strong gains in the March quarter, the MSCI World ex Australia index finishing up by 12.66%. While markets around the globe remain optimistic on the back of reasonably good global economic growth, a somewhat dovish US Federal Reserve (Fed), improving US trade relationships, strong resource prices and Chinese economic stimulus, this is being balanced by some caution creeping in around an inverting US yield curve, softening (but still reasonable) US growth and relatively high price/earnings ratios - particularly in the US. Chinese shares were the clear standout over the period, as the CITIC300 index soared 27.63% on the back of positive trade talks with the US and stimulus measures introduced by the Chinese government. Most other major markets saw returns near or beyond double-digits for the period, as a wave of optimism seemed to make the falls of late 2019 a distant memory. Despite the markets' rise, broader risks to global growth have arguably not appreciably changed over the three months, leading many commentators to urge caution, after the strong price rises. Emerging markets were also strong over the period, the MSCI Emerging Markets index returning 9.84% as resource prices rose and the positive sentiment from developed markets spilled over, despite ongoing currency and debt issues that many developing economies continue to face. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

Ongoing and unresolved US-China trade negotiations continue to impart uncertainty to the markets, with recent short-term swings between a risk-on and risk-off bias. Therefore, until some semblance of longer-term stability supports global markets, equities will likely remain susceptible to volatility, especially following the rally from falls at the end of 2018. The US Federal Reserve has also changed tack, indicating from recent communications that further interest rate rises will not occur until 2020 and that it will halt the shrinking of its balance sheet by September 2019. European tensions remain high, particularly from Brexit uncertainty and the fast approaching exit date. Eurozone GDP remains anaemic, and with the German economy approaching technical recessionary territory, the European Commission has revised growth estimates down and implemented stimulatory measures, with more likely to come. Asian data remains mixed, with both Japan and China continuing to be accommodative.

## 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

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