

# AMP Australian Share

## Quarterly Investment Option Update

30 June 2019

### Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3 year basis. The portfolio uses a number of diverse styles.

### Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

### Investment Option Overview

<b>Investment category</b>	Australian Shares
<b>Suggested minimum investment timeframe</b>	5 - 7 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Single

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian Shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	2.94
Australian Shares	88.10
Listed Property and Infrastructure	6.25
Cash	2.71

<b>Sector Allocation</b>	<b>%</b>
Financials	31.17
Materials	17.94
Industrials	10.49
Health Care	7.71
Energy	5.77
Consumer Discretionary	5.65
Real Estate	5.56
Consumer Staples	5.25
Communication Services	3.89
Cash	2.83
Information Technology	2.01
Utilities	1.72

<b>Top Holdings</b>	<b>%</b>
COMMONWEALTH BANK AUST	8.57
BHP Group Ltd	6.39
CSL Ltd	5.75
Australia & New Zealand Banking Group Ltd	4.50
Westpac Banking Corp	4.32
National Australia Bank Ltd	3.77
Telstra Corp Ltd	3.42
Rio Tinto Ltd	3.09
Macquarie Group Ltd	2.91
Woolworths Group Ltd	2.91

## Fund Performance

The fund outperformed the S&P/ASX 200 Accumulation Index over the June quarter, primarily due to stock selection with positive contribution from the materials and financials sectors. The fund maintained a neutral exposure to both risk appetite and market beta. The largest positive stock-level contributor came from an overweight position in Magellan Financials Group, which experienced a 40% increase in its share price during the quarter following continuing strong FUM growth. An underweight position in Costa Group Holdings also benefited the fund. Costa Group announced an earnings downgrade during the quarter which saw its share price fall 21%.

## Market Review

Australian equities surged in the June quarter, the S&P/ASX200 total return index finishing up by 7.97%. Speculation of official interest rate cuts drove markets early in the quarter, despite uncertainty around the Federal Election and ongoing housing market falls. In May, the market was pushed higher on the Coalition's "surprise" election victory, which removed risks around changes to the use of franking credits, which are particularly important to many Australian investors. Comments from the RBA continued to grow more dovish, culminating in a rate cut in early June to a historically low 1.25%. This, along with the possibility of further cuts, spurred on Australian markets through the remainder of June. Communication services, financials and health care were top performers over the quarter, while energy and utilities stocks were generally behind the pack.

## Outlook

Australian shares remain exposed to global economic uncertainty, despite the greater visibility imparted by the recent return of the Liberal Coalition to government. Much of this uncertainty is outside the Australian government's control.

The Reserve Bank of Australia cut the cash rate to an historically low 1.25% in early June, with communications suggesting further likely reductions, which is positive for equities and should feed into earnings. However, looking ahead, generally higher valuations and increased global economic uncertainty have increased the shorter-term downside risk. However, this does not mean momentum cannot carry the market higher.

In the current environment, investors should benefit by being highly selective and focussing on companies with robust business fundamentals.

## Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0163AU*
AMP Flexible Super - Retirement account	AMP1320AU*
AMP Flexible Super - Super account	AMP1450AU*
CustomSuper	AMP0163AU*
Flexible Lifetime - Allocated Pension	AMP0591AU*
Flexible Lifetime - Term Pension	AMP0891AU*
SignatureSuper	AMP0739AU*
SignatureSuper - Allocated Pension	AMP1129AU*

\*Closed to new investors

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