

Responsible Investment Leaders International 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 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 for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Global Shares
Suggested minimum investment timeframe	5 years
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International shares	100
Cash	0

Actual Allocation	%
International Shares	95.75
Australian Shares	0.88
Listed Property and Infrastructure	1.27
Others	0.15
Cash	1.95

Sector Allocation	%
Financials	19.90
Information Technology	15.90
Consumer Staples	11.23
Health Care	11.17
Consumer Discretionary	9.67
Communication Services	8.02
Industrials	7.48
Energy	5.52
Materials	4.67
Real Estate	2.74
Cash	2.10
Utilities	1.19
Others	0.41

Top Holdings	%
Microsoft Corp	2.37
Visa Inc	1.82
VERIZON COMMUNICATIONS	1.72
Sony Corp	1.47
Alphabet Inc	1.44
HDFC Bank Ltd	1.31
American Express Co	1.24
Unilever PLC	1.23
Johnson & Johnson	1.20
Berkshire Hathaway Inc	1.16

Region Allocation	%
North America	51.39
Europe ex UK	16.29
Asia ex Japan	13.47
Japan	7.57
United Kingdom	4.59
Others	3.71
Cash	2.11
Australasia	0.88

Fund Performance

The Fund performed strongly in the June quarter and outperformed its benchmark before fees. Our underlying managers' performance was pleasing given how difficult a period they have had over the last year, largely due to their investment styles. Stock selection was the main contributor to performance, while sector allocation was a partial offset. Stock selection was particularly strong within consumer staples, consumer discretionary and financials. Growth manager C WorldWide performed very strongly, adding to a great track record since their appointment in August 2018. Our emerging markets component added value over the quarter and has also had strong benchmark-relative performance over the year to 30 June 2019.

Environmental Social Governance

EL International Share manager Boston Partners was active in climate change engagement over the quarter, meeting with a building product company to inquire about its use of renewable sources of energy and certified wood, and also encourage it to seek external assurance for its sustainability reports, particularly for greenhouse gas emissions data. The manager also engaged with a company that produces and markets phosphate and potash crop nutrients, noting environmental contamination.

In terms of corporate governance, board composition also remained a focus for EL managers, after it was raised by Investec in several company meetings. The Emerging Markets manager has been direct in addressing issues such as board member independence and skills, the need for shareholder engagement and performance-related remuneration structures and awards. In Developed Markets, Boston Partners raised concerns about 'overboarding' with several companies, stressing the need for boards to ensure they are made up of directors who are not overburdened and can perform their duties effectively.

Market Review

The MSCI World (ex Australia) index finished the quarter up by 3.51%. Global equities were strong early in the quarter, amid a mostly positive US reporting season. Upbeat sentiment around the globe was further supported by a relatively dovish US central bank, sound levels of economic growth, strong resource prices and US-China trade deal optimism. Markets subsequently took back some of these gains mid-quarter. An escalating US-China trade conflict was the major culprit, along with the US flagging the possibility of increasing tariffs more broadly. Markets then powered ahead in June, with some even breaking record-highs as dovish central bank policies drove market sentiment. European equities, particularly Germany's DAX index, were very strong, as expectations of further easing from the European Central Bank rose. Emerging markets, while positive, couldn't match their developed counterparts' performance over the quarter; the MSCI Emerging Markets index finished the period up by 0.20%, despite mostly strong resource prices and broadly positive sentiment. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

Despite the general rise in share prices since the beginning of the year; looking ahead, elevated valuations and a currently unresolved US-China trade dispute present an asymmetric risk exposure, with an increased risk of a correction. The current environment of uncertainty has the potential to provide periods of heightened volatility as we enter the September quarter.

The downside risk will likely be exacerbated by geopolitical risks, including the potential for an escalation in the conflict between the US and Iran.

In Europe, a weakening economy and political upheaval, including Brexit and internal European Union disagreements, will likely increase risks. Furthermore, with the German economy remaining susceptible to a further slowdown and the European Commission having revised down its growth estimates, any instability at the union's core will mean there will be little to mask any fragility within peripheral economies. Thus, further stimulatory measures are to be expected.

During the current turbulent period and given high valuations, quality companies with solid defensive properties should benefit the most.

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 - Investments (Series 1)	AMP1059AU*
Flexible Lifetime - Investments (Series 2)	AMP1437AU
Flexible Lifetime - Term Pension	AMP1046AU
SignatureSuper	AMP1068AU
SignatureSuper - Allocated Pension	AMP1176AU

*Closed to new investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



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