

Aberdeen Standard Emerging Opportunities

Quarterly Investment Option Update

30 June 2019

Aim and Strategy

To provide investors with high capital growth over the medium to long term (3 to 5 years) by seeking exposure to emerging stock markets worldwide or companies with significant activities in emerging markets. The benchmark is the MSCI Emerging Markets Index. In seeking to achieve the objective, the investment manager may invest in securities which are not contained in the index used as the performance benchmark. This investment option primarily invests in a diversified portfolio of emerging market securities. The normal characteristics of this investment option are:

- low turnover - the average holding period is around 4 years
- significant divergence from the benchmark
- low cash allocations, and
- a beta less than or equal to one.

On occasions (such as where the purchasing costs of the investment can be reduced), a portion of the investment may be directly invested in other investment vehicles managed by other Aberdeen Group companies. This investment option does not generally borrow to invest and is not hedged to the Australian dollar.

Investment Option Performance

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

Investment Option Overview

Investment category	Global Shares
Suggested investment timeframe	3 - 5 years
Relative risk rating	7 / High
Investment style	Specialist
Manager style	Single Manager

Asset Allocation	Benchmark	Actual (%)
Emerging Markets Equities	100.0	98.0
Cash	-	2.0

Regional Allocation	%
Asia	71.7
Africa and Middle East	4.4
Emerging Europe	4.1
Latin America	17.8
UK	--
Cash	2.0

Sector Allocation	%
Energy	4.1
Materials	6.8
Industrials	1.1
Consumer Discretionary	9.8
Consumer Staples	5.5
Health Care	0.7
Financials	41.9
Information Technology	11.4
Communication Services	11.1
Utilities	--
Real Estate	5.7
Cash	2.0

Top Holdings	%
Aberdeen Standard SICAV I - Indian Eq Fund	13.6
Aberdeen Standard SICAV I - China A Equity Fund	7.5
Tencent Holdings	6.2
Samsung Electronics	5.7
TSMC	5.1
Ping An Insurance	4.1
Banco Bradesco	3.6
AIA Group	2.9
Naspers N Shares	2.8
China Resources Land	2.2

Investment Option Commentary

The fund rose by 3.76%, outperforming the index by 173 basis points.

Stock selection in China was positive for performance, with some of their defensive holdings such as **Ping An Insurance** demonstrating their resilience. Not owning Alibaba and Baidu also aided performance. Alibaba's share price was impacted by the escalating trade tensions, while Baidu released weak results and forecast further weakness ahead, given the tougher macro backdrop, tightening regulations and intensifying competition. Some of their holdings were also caught by similar fears of a slowdown in growth and consumer spending, including **Autohome** and **Huazhu Group**.

In Latin America, stock selection in Brazil and Mexico also boosted the fund. In particular, banks **Banorte** and **Banco Bradesco** both announced decent results, and were further helped by fiscal prudence pledges in Mexico and momentum for key reforms in Brazil.

Conversely, the investment manager's South African retail holding **Massmart** performed poorly. The stock continued to be pressured by subdued consumer sentiment, while the departure of its CEO also dragged on performance. Not holding Russian state-owned oil company, Gazprom, also hurt relative performance. The company's shares rallied after posting solid first-quarter results and proposing to raise its dividend by nearly 60%.

Market Commentary

Emerging markets ended the second quarter slightly higher, a period marked by the push and pull of US-China trade tensions on the one hand, and looser monetary policy on the other. Trade tensions caused a sharp selloff in May, but markets recovered in June as central banks signalled willingness to ease policy. Better-than-expected economic data from the US and China also lifted markets. However, sentiment was hampered by higher crude prices, as supply concerns intensified due to increased tensions in the Persian Gulf. The re-election of incumbents in both India and Indonesia were positive for investors, who saw these as supportive for further market-oriented reforms.

Outlook

Emerging markets appeared to regain their poise since the beginning of the year, as several risks that plagued investors last year moderated. The Federal Reserve's accommodative policy stance could improve monetary conditions in emerging markets, reviving economic expansion. Meanwhile, the political outlook in key markets such as India and Indonesia is encouraging, following their respective incumbent re-election victories that pave the way for market reforms to progress in these countries. Despite the current lack of political coordination in Brazil and the risk of deteriorating relations between the US and Mexico, Aberdeen Standard Investments (ASI) is positive on the longer-term economic outlook for Latin America as the political consensus to revitalise these economies is evident. In addition, China's shift from deleveraging to consumption-led stimulus should cushion global growth. Against this backdrop, corporate earnings should recover, albeit modestly. Following last year's sell-off, the asset class remains attractively-priced relative to both its historical average and developed peers.

That said, lingering concerns over US-China trade tensions, even with the latest truce, as well as market signals of an impending global economic recession could cause near-term volatility. Amid the uncertainty, ASI will continue to focus on quality companies with healthy fundamentals and experienced management.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1531AU
AMP Flexible Super - Retirement	AMP1591AU
AMP Flexible Super - Super account	AMP1579AU
CustomSuper	AMP1531AU
Flexible Lifetime - Allocated Pension	AMP1543AU
Flexible Lifetime Investment (Series 2)	AMP2031AU
SignatureSuper	AMP1555AU
SignatureSuper Allocated Pension	AMP1567AU
SignatureSuper Select	AMP1555AU

Contact Details

Web: www.amp.com.au

Email:

askamp@amp.com.au

Phone: 131 267

Fax: 1300 301 267

Mail: Customer Service

PO Box 300

Parramatta NSW 2124



What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from ASL, AMP Life or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (underlying fund). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither AMP Life, ASL, any other company in the AMP Group nor underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.