



AMP Capital Equity

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

To provide investors with long-term capital growth through investment in a portfolio of Australian securities, listed or about to be listed, on the Australian Securities Exchange. Investment is diversified across a range of industries and sectors, with a focus on the largest 200 companies. In constructing the portfolio, AMP Capital employs a systematic rules-based approach where no individual stock fundamental analysis is conducted and the investment team use large sets of data to analyse stocks through intelligent screening methods. Passive, enhanced

Investment Option Performance

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

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	5 years
Relative risk rating	High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	2.43
Australian Shares	89.18
Listed Property and Infrastructure	7.14
Cash	1.25

Sector Allocation	%
Financials	32.04
Materials	17.11
Health Care	9.08
Industrials	7.90
Real Estate	7.33
Consumer Discretionary	6.47
Consumer Staples	5.76
Energy	5.18
Communication Services	3.59
Information Technology	2.38
Utilities	1.90
Cash	1.26

Top Holdings	%
Commonwealth Bank of Australia	7.84
BHP Group Ltd	5.96
CSL Ltd	5.82
Westpac Banking Corp	5.70
National Australia Bank Ltd	4.70
Australia & New Zealand Banking Group Ltd	4.63
Woolworths Group Ltd	2.73
Wesfarmers Ltd	2.44
Telstra Corp Ltd	2.32
Macquarie Group Ltd	2.31

Fund Performance

The Fund produced another positive performance for the September quarter. Driven largely by rising global markets and dovish central banks, more record-highs were hit by Australian shares during the period. Australian shares did pull back somewhat in August amid a mostly lacklustre corporate reporting season, though pockets of relative strength were evident in some of the more-niche medium and smaller cap stocks. Some positive indications from the Melbourne and Sydney property markets, which have undergone a significant correction over the past two years, also helped domestic sentiment, given the Australian economy's very large exposure to the sector.

Market Review

Australian shares rose over the September quarter, the S&P/ASX200 total return index closing up by 2.37%, with more record-highs being hit during the period. A Reserve Bank of Australia (RBA) rate cut buoyed Australian markets in July, as did solid rises from the US and other international exchanges. Australian shares subsequently pulled back in August amid a mostly lacklustre corporate reporting season. Unsurprisingly, retail earnings were generally weak, although this was not across the board with some major retailers surprising on the upside. Pockets of relative strength were also evident in some of the more niche medium and smaller cap stocks. The market then rose in September, as did broader international markets, as traders became slightly less pessimistic on the now-familiar concerns of US economic growth and China/US trade tensions. Some positive indications from the Melbourne and Sydney property markets, which have undergone a significant correction over the past two years, also helped domestic sentiment, given the Australian economy's very large exposure to the sector. The share market also appeared to largely price-in an early October official interest rate rise, which materialised one day after quarter-end.

Outlook

Australian shares remain exposed to global economic uncertainty and constrained growth in Australia. As a result, further short-term weakness is a high risk. Against this background, the Reserve Bank of Australia has issued accommodating communications.

However, valuations are reasonable, particularly when compared against low bond yields. Global growth indicators are expected to improve by next year and Australian monetary and fiscal policy are supportive, all of which should support decent gains for share markets on a 6-12 month horizon.

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

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0468AU*
AMP Flexible Super - Retirement account	AMP1324AU*
AMP Flexible Super - Super account	AMP1454AU*
CustomSuper	AMP0468AU*
Flexible Lifetime - Allocated Pension	AMP0598AU*
Flexible Lifetime - Investments (Series 1)	AMP0018AU*
Flexible Lifetime - Investments (Series 2)	AMP1394AU*
Flexible Lifetime - Term Pension	AMP0898AU*
SignatureSuper	AMP2047AU*
SignatureSuper - Allocated Pension	AMP2048AU*

*Closed to new investors

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