

International Share Index

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

The strategy aims to provide returns that track the MSCI World ex-Australia ex-tobacco Index with net dividends reinvested. This option is unhedged to Australian dollars. Exposure to the International Shares asset class will be attained through the use of low cost index-focused investment managers.

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 - 7 years
Relative risk rating	High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
International shares	100
Cash	0

Actual Allocation	%
International Shares	95.91
Australian Shares	0.26
Listed Property and Infrastructure	3.06
Others	0.05
Cash	0.72

Sector Allocation	%
Information Technology	16.99
Financials	15.29
Health Care	12.51
Industrials	10.78
Consumer Discretionary	10.71
Communication Services	8.72
Consumer Staples	8.07
Energy	5.16
Materials	4.10
Utilities	3.59
Real Estate	3.36
Cash	0.61
Others	0.11

Top Holdings	%
APPLE INC	2.58
Microsoft Corp	2.52
Alphabet Inc	1.85
Amazon.com Inc	1.80
Facebook Inc	1.07
JPMORGAN CHASE & CO	0.95
Johnson & Johnson	0.86
Nestle SA	0.82
Procter & Gamble Co/The	0.76
Visa Inc	0.74

Region Allocation	%
North America	67.61
Europe ex UK	16.14
Japan	8.42
United Kingdom	5.41
Asia ex Japan	1.62
Cash	0.72
Australasia	0.07
Others	0.00

Fund Performance

The Fund produced a solid positive return over the September quarter, as international shares climbed higher, with the MSCI World ex Australia index rising 1.5%.

Share markets started the quarter positively amid generally good US corporate earnings and hopes of a favourable US-China trade outcome. However, a pull-back occurred in August and some volatility emerged as speculation rose about the sustainability of global (and particularly US) economic growth. Mixed messages on monetary policy from the US Federal Reserve also didn't help. Share markets then recovered to higher levels in September amid continued volatility. Drivers included central bank interest rate reductions (as the US Federal Reserve reduced the Federal Funds Rate range by a further 0.25% to 1.75-2.0%), the drone strike in Saudi Arabia by Iranian-backed Houthi rebels, as well as some small but positive US-China trade developments. With the aforementioned drivers, the US S&P 500 index rose 1.7%, amid suggestions of further monetary stimulus by the Bank of Japan the Japanese TOPIX 100 index climbed 3.4% and in the wake of new stimulus measures announced by the European Central Bank the European STOXX 50 index rose 2.5%.

Emerging market shares struggled during the quarter and underperformed their developed-market counterparts, with the MSCI Emerging Markets accumulation index closing down 2.1%. Geopolitical volatility, trade war fears and sovereign debt issues were all contributing factors.

(All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Market Review

International shares climbed higher in the September quarter, with the MSCI World ex Australia index rising by 1.50% over the period. Markets started the quarter positively amid generally good US corporate earnings and hopes of a favourable US-China outcome. A pull-back then occurred in August and some volatility emerged as speculation rose in regard to the sustainability of global (and particularly US) growth. Mixed messages on monetary policy from the Fed also didn't help. Global markets then recovered to higher levels in September amid continued volatility. Drivers included central bank interest rate reductions and commentary (as the US Federal Reserve reduced the Federal Funds Rate range by a further 25 basis points to 1.75-2.0%), the drone strike in Saudi Arabia, as well as some small but positive US-China trade developments. Emerging markets however struggled during the quarter and underperformed their developed-market counterparts, with the MSCI Emerging Markets accumulation index finishing down by 2.07%. Geopolitical volatility, trade war fears and sovereign debt issues were all contributing factors. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

Global share markets remain at risk of further weakness in the months ahead on the back of the ongoing US-China trade dispute, Middle East tensions, and mixed economic data as we are in a seasonally weak part of the year for shares.

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

During the current turbulent period, quality companies with solid defensive properties may present the best opportunities for risk-adjusted returns.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0858AU
CustomSuper	AMP0858AU
Flexible Lifetime - Allocated Pension	AMP0871AU
Flexible Lifetime - Term Pension	AMP0902AU
SignatureSuper	AMP0807AU
SignatureSuper - Allocated Pension	AMP1165AU

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