

# Responsible Investment Leaders International Share

Quarterly Investment Option Update

30 September 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](http://www.amp.com.au)

## Investment Option Overview

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

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
International shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	94.73
Australian Shares	0.95
Listed Property and Infrastructure	1.94
Cash	2.38

<b>Sector Allocation</b>	<b>%</b>
Financials	17.71
Information Technology	16.10
Health Care	11.02
Consumer Staples	10.92
Consumer Discretionary	10.90
Industrials	8.64
Communication Services	8.44
Materials	5.27
Energy	4.65
Real Estate	2.86
Cash	2.48
Utilities	0.65
Others	0.37

<b>Top Holdings</b>	<b>%</b>
Microsoft Corp	2.73
Sony Corp	2.00
Visa Inc	1.72
Alphabet Inc	1.68
Verizon Communications	1.58
Roche Holding AG	1.33
American Express Co	1.28
Berkshire Hathaway Inc	1.17
Johnson & Johnson	1.17
HDFC Bank Ltd	1.16

<b>Region Allocation</b>	<b>%</b>
North America	50.61
Europe ex UK	17.38
Asia ex Japan	12.39
Japan	9.08
United Kingdom	4.18
Others	2.85
Cash	2.48
Australasia	1.02

## Fund Performance

The Fund posted a strong absolute return and outperformed slightly in the September quarter (before fees). At the manager level, Lazard and C Worldwide outperformed their respective benchmarks whilst Boston Partners underperformed. The holding in the Ethical Leaders Emerging Markets Fund also outperformed the emerging markets benchmark. Stock selection was the key positive contributor to the Fund's relative return. An overweight to Sony Corporation in Japan was the prime contributor from an individual company perspective. Sony's share price rose after announcing quarterly results that beat the market consensus. The sell-side subsequently turned more positive on the company outlook due to its growing movie and music business and its exposure to the iPhone camera upgrades. An overweight to emerging markets was a detractor, as the sector was outperformed by developed markets over the quarter. Positive stock selection however more than offset the drag from the overweight emerging markets exposure.

## Environmental Social Governance

Boston Partners engaged with a Brazilian airline company about carbon offsetting, cybersecurity and supplier due diligence process. The airline company discussed its energy usage, GHG emissions and waste, noting the primary source of these is flights rather than office operations. The company has also been improving fuel efficiency by modernising its fleet.

C Worldwide is actively engaging with Nestlé regarding child labour in the cocoa industry. For more than ten years, the cocoa industry has been criticised for its association with child labour in its supply chain, especially in Ghana and Ivory Coast.

In terms of corporate governance, company disclosure and board composition were a focus during the quarter, having been raised by Investec in number of company meetings. Also, following on from a prior request (to a Luxembourg-listed materials company) for better disclosure and transparency through a global reporting standard/framework, we have seen some progress and the company is now preparing their data for this.

In Developed Markets, Boston Partners continued to raise 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 given duties effectively.

## 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 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 finished the quarter up by 1.70%, the Japanese TOPIX 100 index finished up by 3.39% amid suggestions of further monetary stimulus and the European STOXX 50 index (+2.47%) rose in the wake of new stimulus measures being announced by the European Central Bank. 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	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](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



### 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), AMP Capital Funds Management Limited ABN 15 159 557 724, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) 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 the issuer 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 (Responsible Investment Leaders International Share). 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.

No 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.