

> May 2018

AMP CAPITAL WHOLESALE GLOBAL EQUITY GROWTH FUND

Performance summary

- > The portfolio outperformed its benchmark for the month, before fees.
- > Global shares rose in May despite the threat of a US trade war and increasing geopolitical uncertainty.
- > Despite an increase in volatility this year, earnings growth continues to be strong in most parts of the world, which should continue to support global equity markets.

Investment approach

The Fund invests predominantly in international shares chosen for the potential to provide strong capital growth. The investment strategy for the Fund is to buy shares in primarily large, stable companies in mainstream economic regions.

Performance – as at 31 May 2018

Inception Date: 31 Dec 2000

Performance benchmark: MSCI World (ex Australia) Net Accumulation Index

Management costs:** 1.37%

**The Fund PDS outlines management costs components, as well as other fees and costs that may apply to your investment. You can review the PDS at www.ampcapital.com.au

%	1 mth	3 mth	1 yr	3 yr	5 yr	incept
Total return - after fees	2.23	4.07	13.21	8.84	14.92	3.21
Distribution	0.00	0.00	0.04	0.52	1.09	0.54
Growth	2.23	4.07	13.16	8.32	13.83	-0.16
Benchmark	0.37	2.58	9.80	8.13	14.90	3.21

Past performance is not a reliable indicator of future performance.

Performance is annualised for periods greater than one year.

Performance figures are calculated using month-end hard close exit prices, are net of management fees, ongoing fees and expenses, assume distributions are reinvested and tax is not deducted.

For more information visit ampcapital.com.au/funds

Sector allocation

%	Current
Energy	3.89
Materials	3.22
Industrials	16.05
Consumer Discretionary	10.23
Consumer Staples	7.59
Health Care	16.61
Financials	14.18
Information Technology	16.48
Telecommunication Services	0.33
Utilities	5.51
Real Estate	2.09
Cash	3.81

Regional allocation

%	Current
Australasia	0.00
Asia ex Japan	5.14
Japan	5.79
Europe ex UK	28.09
United Kingdom	1.77
North America	54.61
Cash	3.81
Others	0.78

Top 10 holdings

Security Details	% Portf
KINGSPAN GROUP PLC	2.67
HEXCEL CORP	2.66
MSCI INC	2.58
ECOLAB INC	2.41
VISA INC	2.37
MICROSOFT CORP	2.36
APPLE INC	2.33
AIA GROUP LTD	2.31
CHARLES SCHWAB CORP/THE	2.25
AMERICAN WATER WORKS CO INC	2.24

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The portfolio outperformed its benchmark for the month, before fees. Security selection in healthcare and financials contributed the most, while it detracted in the energy sector. An underweight to the telecommunications and financials sectors contributed, while an underweight to technology detracted. Security selection contributed in the US and Japan.

Bio-Rad Laboratories delivered first-quarter earnings ahead of analyst estimates. The life science research company delivered strong margin growth on the heels of organisational improvements and enhanced organic sales growth.

Global automotive technology operator Aptiv rose after reiterating organic growth guidance of 6-7% for the year, alleviating investor concerns that the company's early success in the first quarter would not be fully sustainable.

Shares of MSCI were up, as the index provider will be adding shares of Chinese yuan-denominated A-shares to its Emerging Markets index. It is estimated that this will attract as much as US\$400 billion of additional investments to China's capital markets.

Detractors included oil and natural resources company Concho Resources. Shares corrected as oil prices declined during the month. The lack of pipeline capacity to move oil to refineries is also negatively affecting output.

Water provider Xylem detracted. Despite rising orders on solid utility and industrial demand, margin expansion is expected to be smaller than expected. A higher mix of less profitable treatment projects has created margin pressure; however, accelerating shipments and increased prices in 2H18 should help alleviate this.

The rising-rate environment has been unhelpful for American Water Works, as refinancing costs have increased as it rolls over debt. Despite the macro headwind, the firm still maintains a strong pipeline of municipal projects across the country.

Market commentary

Global shares rose in May, with the MSCI World ex Australia Net Index ending the month 1.3% higher, despite the threat of a US trade war and increasing geopolitical uncertainty. In terms of geopolitics, the most important events during the month centred around Europe and the potential for instability. Italy's new government formation was fraught with difficulties and constitutional issues as the Five Star Movement and Lega Nord moved towards an uneasy alliance; raising further questions on Eurozone cohesion.

In the US, the S&P500 Accumulation Index closed 2.4% higher, following the completion of a positive reports season and a relatively benign positive economic background, despite the ongoing threat of a trade war.

Investment objective

To provide investors with long-term capital growth. The Fund aims to outperform the Morgan Stanley Capital International World Index (Net Dividends Reinvested) in Australian dollar terms, after costs and over rolling five-year periods.

Facts

Fund size	25327942.07
Minimum suggested time frame	5 years
Minimum initial investment	\$25,000
Buy/sell spread	+0.20/-0.20

The DJ Euro STOXX 50 Accumulation Index fell 1.50%, on the back of European political issues. The UK's FTSE 100 Accumulation Index closed up 2.8%, as any concerns over Brexit were at least temporarily overshadowed by the uncertainty in Europe. The Japanese TOPIX 100 Accumulation Index fell 1.67%. Meanwhile, the MSCI Emerging Markets Accumulation Index closed the month down 2.2%, impacted by the strong US dollar, funding cost concerns and the potential impact of a sustained rise in the price of oil. (All figures quoted in local currency terms.)

Outlook

Despite an increase in volatility this year, earnings growth continues to be strong in most parts of the world, which should continue to support global equity markets. AB believes this backdrop bodes well for active management as increased dispersion can lead to more opportunities for alpha generation.

AB's focus on secular growth themes, particularly those promoting social and environmental sustainability, has helped to identify companies with strong competitive advantages and high returns on invested capital that they believe are more likely to sustain higher than average growth over the long term. With market valuations at historically high levels, AB believes persistent sales and earnings growth, not multiple expansion, will be a key driver of returns going forward, and have positioned the portfolio with this in mind.

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Important Information

This publication has been prepared to provide general information only and does not take into account the financial objectives, situation of needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Before making an investment decision, you need to consider (with or without the assistance of an adviser) whether this information is appropriate to your needs, objectives and circumstances. Past performance is not necessarily indicative of future performance. Unless specifically stated, the repayment of capital or performance of our products is not guaranteed. This information is provided for persons in Australia only and is not provided for the use of any person who is in any other country.

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