

> May 2018

## AMP CAPITAL WHOLESALE GLOBAL EQUITY VALUE FUND

### Performance summary

- > The Fund delivered a negative absolute return and underperformed its benchmark, before fees.
- > Global shares rose in May despite the threat of a US trade war and increasing geopolitical uncertainty.
- > 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 value. The investment strategy for the Fund is to buy shares in companies whose share price appears undervalued relative to long term earnings potential.

For more information visit [ampcapital.com.au/funds](http://ampcapital.com.au/funds)

### Performance – as at 31 May 2018

**Inception Date:** 30 Nov 2001

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

**Management costs\*\*:** 1.03%

\*\*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](http://www.ampcapital.com.au)

%	1 mth	3 mth	1 yr	3 yr	5 yr	incept
Total return - after fees	-0.88	1.38	8.18	5.11	13.75	3.51
Distribution	0.00	0.00	0.86	1.01	0.93	1.53
Growth	-0.88	1.38	7.32	4.10	12.82	1.97
Benchmark	0.37	2.58	9.80	8.13	14.90	4.19

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.

### Sector allocation

%	Current
Energy	8.18
Materials	6.48
Industrials	7.42
Consumer Discretionary	14.93
Consumer Staples	6.67
Health Care	7.72
Financials	19.79
Information Technology	19.27
Telecommunication Services	3.94
Utilities	1.74
Real Estate	1.44
Cash	2.42

### Regional allocation

%	Current
Australasia	0.00
Asia ex Japan	5.44
Japan	10.51
Europe ex UK	16.21
United Kingdom	5.15
North America	59.76
Cash	2.42
Others	0.50

### Top 10 holdings

Security Details	% Portf	% Bench
ROYAL DUTCH SHELL PLC	2.60	0.75
ORACLE CORP	2.06	0.38
AMERICAN INTL GROUP	1.92	0.12
GOLDMAN SACHS GROUP INC	1.87	0.21
AIRBUS SE	1.80	0.17
APPLE INC	1.78	2.48
MAGNA INTERNATIONAL INC	1.77	0.06
TYSON FOODS INC	1.67	0.05
BANK OF AMERICA CORP	1.64	0.74
BOEING CO	1.57	0.52

## > AMP CAPITAL WHOLESALE GLOBAL EQUITY VALUE FUND

During May, the portfolio delivered a negative absolute return and underperformed its benchmark, before fees, primarily because of security selection. Losses from selection within technology, consumer discretionary, telecommunications and real estate outweighed gains from selection within energy and industrials. Sector selection was also negative for performance, due to overweights to telecommunications and financials. Exposure to Korea and Japan also detracted.

Global jewelry company Pandora was the greatest single detractor from performance. Management reported revenue growth that met investor expectations but shared a slowdown in China, which is considered Pandora's main growth area. Investor concerns grew as management failed to provide much information about the reasons for the slowdown. Pandora also reported an increase in accounts receivable at quarter end, implying that the company likely sold an unusually great amount of product to its franchise network before quarter end to avoid missing expectations. This excessive inventory in the distribution channel, plus negative trends in China, increased investor scepticism about Pandora's full year revenue growth guidance, which management had reiterated on the earnings call.

Exposure to UK telecommunications company BT Group weighed on performance, as management announced next fiscal year guidance that was below market expectations. Management cited increased regulatory headwinds and spending on mobile network coverage and fiber builds as the primary drivers behind its tempered guidance.

Mitsubishi UFJ Financial Group underperformed after it shared a capital return policy that was below investor expectations.

US oil refiner HollyFrontier was the greatest single contributor to returns. Shares benefited from the wider discounts between US crude oil prices and Brent prices. Recently, refiners that use WTI crude as their feedstock have achieved higher profitability as Brent prices have risen faster than WTI crude prices.

### 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. The DJ Euro STOXX 50 Accumulation Index fell 1.50%, on the back on

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

Earnings growth continues to be strong in most parts of the world, which should continue to support global equity markets. Following a significant outperformance of growth stocks, value stocks now trade at a wider than average discount to the market, which provides ample opportunity to uncover attractively valued companies in diverse areas of the market.

AB use their research to identify company-specific opportunities across the range of sectors so that the portfolio can do well regardless of the macro environment. The portfolio's consistent value exposure should help protect returns in an environment of rising interest rates.

### Investment objective

To provide investors with long-term capital value and 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	237679517.36
Minimum suggested time frame	5 years
Minimum initial investment	\$25,000
Buy/sell spread	+0.20/-0.20

Distribution frequency	Annual
Date of last distribution	Jun 2017
Distribution cents per unit	1.00

### 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.

### For more information

T: 1800 780 085  
F: 03 8688 5796  
W: [www.ampcapital.com.au](http://www.ampcapital.com.au)

APIR Code NML0348AU  
National Mutual Funds Management Ltd  
ABN 32 006 787 720, AFSL 234652