

# AMP CAPITAL DYNAMIC MARKETS FUND OFF-PLATFORM CLASS H

## A FLEXIBLE APPROACH TO ASSET ALLOCATION

The Fund provides the potential for an improved risk-return outcome at a lower cost relative to a traditional diversified fund. By seeking to provide a return of 4.5% above inflation, rather than outperforming a market index, the Fund aims to provide an investment outcome which more closely matches the needs of the investor.

## INVESTMENT APPROACH

AMP Capital’s dynamic asset allocation investment approach aims to achieve growth with smoother returns. It does this by negotiating the ups and downs of the market cycle.

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

## PERFORMANCE – AS AT JUNE 2018

**Inception Date:** 28 September 2011

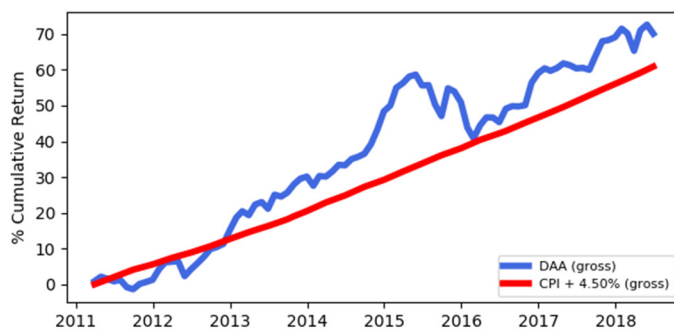
**Investment Objective:** 4.5% pa above inflation

**Management costs\*\*:** 0.71%

\*\* 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	-1.51	2.74	5.40	2.40	6.25	6.98
Investment Objective	0.53	1.58	6.40	6.33	6.69	6.68

## Cumulative return since September 2011



Past performance is not a reliable indicator of future performance.

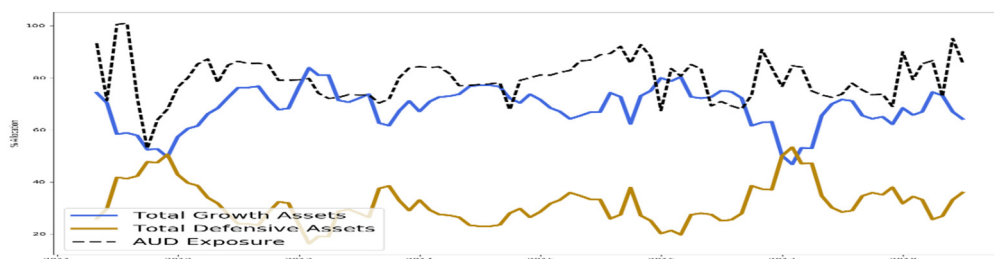
Performance is annualised for periods greater than one year.

Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after Class 'H' fees and costs, assume all distributions are reinvested.

## HOW THE FUND HAS PERFORMED

- The Fund underperformed its CPI + 4.5% objective in June.
- Since inception of the strategy, the Fund has exceeded the CPI + 4.5% objective.
- The main asset allocation change in June was to increase exposure to Australian shares.

## ASSET ALLOCATION OVER TIME



## WHAT WE BELIEVE THE SIGNALS ARE SAYING, AND WHAT THIS MEANS FOR THE FUND'S ASSET ALLOCATION

The Fund aims to capitalise on opportunities in the market by adopting a 'dynamic' approach to asset allocation. We do this by analysing a broad range of signals for each asset class, then allocating to asset classes according to where we are in the market and economic cycles, and according to the expected risk and reward over the medium term.

	EQUITIES	LISTED PROPERTY	FIXED INCOME	COMMODITIES
<b>VALUATION SHARES</b> Japan and Europe remain the most attractively valued markets.	■	■	■	■
Japan and Europe remain the most attractive markets from a valuation perspective.				
<b>CYCLE SIGNALS</b> Determine which stage we are at in the business cycle.	■	■	■	■
Economic indicators continue to point to global growth, however, the potential impact from a trade war is being closely monitored.				
<b>LIQUIDITY SIGNALS</b> Assess monetary conditions in different countries.	■	■		■
As quantitative easing in different markets is gradually unwound, central bank meetings and the level of rate hikes expected by the market will be closely monitored. In particular, the prospect of more rate hikes by the Fed than markets expect has the potential to surprise.				
<b>SENTIMENT SIGNALS</b> Identify "herd" behaviour among investors.	■	■	■	■
On the back of geopolitical concerns, investor sentiment towards equities has become increasingly bearish, which is a positive sign from a contrarian perspective in the Dynamic Asset Allocation process.				
<b>TECHNICAL SIGNALS</b> Identify if markets are overbought or oversold.	■	■	■	■
Technical signals in equity markets are showing signs of being oversold following the fall in markets.				
<b>Result</b>	Favourable	Neutral	Negative	Favourable
■ In favour ■ On watch ■ Negative				

Geopolitical worries and concerns around escalating trade wars remained at the forefront of markets as the Fund underperformed its objective. Despite a dovish European Central Bank (ECB), a peaceful US-North Korea summit and an OPEC meeting that was well received by markets, new tariff threats between US and China increased market volatility. Whilst the investment team's view is that ultimately there will be a negotiated solution which will avoid a full-blown trade war, it doesn't mean there won't be bouts of short term volatility along the way, which is why it is important to remain nimble and continually monitor positions. We continue to hold hedges and a relatively high cash allocation. Australian shares were the best performing developed equity market globally during June and have shown strong resilience to volatility, helped by a falling Australian dollar and years of relative underperformance against global shares. Within Australian shares, the Fund's allocation towards the resources sector was a significant value-add. In June we increased the exposure to Australian shares though reduced our resources sector holdings, following strong gains. After being a significant positive contributor year-to-date, our FX basket gave back part of its gains during June. This followed a decision to take profit on the long US dollar position, following a strong run. As a function of the US dollar's strength, the exposure to emerging market (EM) shares and commodities has been negatively impacted, but as the US dollar begins to reverse, these two areas are well positioned to enjoy a rebound. The Fund's exposure to EM shares had been exited at the start of the year, as the asset class had become crowded, leaving it vulnerable to US dollar strength. This paid off immensely, as EM equities fell. With the euphoric sentiment now replaced with extreme pessimism, we have started to selectively add EM shares again.

## ASSET ALLOCATION – GROWTH

%	CURRENT	12 MTHS AGO	RANGE
Australian Shares	10	14	0-50
International Shares – developed and emerging	37	48	0-50
Global REITs	0	0	0-25
Global Credit (high yield)	0	0	0-25
Commodities	11	9	0-25
<b>Total – Growth Assets</b>	<b>58</b>	<b>71</b>	0-90

## ASSET ALLOCATION – DEFENSIVE

%	CURRENT	12 MTHS AGO	RANGE
Australian Sovereign Bonds	0	3	0-25
Global Sovereign Bonds	11	0	0-25
Global Credit (investment grade)	0	0	0-25
Global Inflation Linked Bonds	10	0	0-25
Cash & Hedges	21	26	0-50
<b>Total – Defensive Assets</b>	<b>42</b>	<b>29</b>	10-100

## ASSET ALLOCATION – AUD Exposure

%	CURRENT	12 MTHS AGO	RANGE
<b>AUD Exposure (% of total Fund)</b>	<b>95</b>	<b>72</b>	0-100

## OUTLOOK

Overall, we retain a favourable medium term view of markets and will continue to be guided by our asset selection process. However, it is important to continue to be agile in this environment to both minimise downside and take advantage of buying opportunities as they arise, as well as retain some hedges in the portfolio when the risk of drawdown is high.

## INVESTMENT OBJECTIVE

The Fund aims to provide a total return (income and capital growth) before costs and before tax, of 4.5% pa above inflation, the Reserve Bank of Australia inflation rate (Consumer Price Index) - trimmed mean (published on [www.rba.gov.au](http://www.rba.gov.au)), on a rolling 5 year basis.

## FACTS

FUND SIZE (AUM)	\$1,560.98 million
MINIMUM SUGGESTED TIME FRAME	5 years
MINIMUM INITIAL INVESTMENT	\$10,000
BUY/SELL SPREAD	+0.15/-0.15
ISSUER & RESPONSIBILITY ENTITY	AMP Capital Funds Management Ltd
DISTRUBUTION FREQUENCY	Half yearly
DATE OF LAST DISTRUBUTION	Jun 2018
DISTRUBUTION CENTS PER UNIT	2.77

## CONTACT DETAILS

If you would more information on how AMP Capital can help you call 1800 658 404 or visit [ampcapital.com](http://ampcapital.com)

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**Important notice:** Investors should consider the current product disclosure statement (PDS) available from AMP Capital Investors Limited (ABN 59001 777 591) (AFSL 232497) (AMP Capital) for the AMP CAPITAL DYNAMIC MARKETS FUND - OFF-PLATFORM CLASS H (Fund) unit class before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it's important investors read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. Neither AMP Capital, nor any other company in the AMP Group, guarantees the repayment of capital or the performance of the product or any particular rate of return. Past performance is not a reliable indicator of future performance. AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in this fact sheet including any forecasts. This fact sheet has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation, or needs. An investor should, before making any investment decisions, consider the appropriateness of the information in this fact sheet, and seek professional advice, having regard to the investor's objectives, financial situation, and needs