

# ENHANCED INDEX SHARE FUND - ON-PLATFORM CLASS A

Seeks to generate income and capital growth on a rolling 12 month basis by investing in Australian shares through an enhanced index stock selection approach.

## Performance summary

- > The fund marginally underperformed the S&P/ASX 200 Index over the June quarter, primarily due to asset allocation.
- > Stock selection was mixed across the sectors and overall flat.
- > The fund maintained a neutral exposure to both risk appetite and market beta.

## Investment approach

The Fund's approach to stock selection is based on the use of our proprietary Alpha Model which has been developed for the Australian share market through extensive back testing and research into stock selection methodologies. The Alpha Model ranks stocks from the highest to the lowest expected return. The expected returns are based on the combined output of Momentum and Value investing styles, with the respective weighting of each style based on the sector membership of the stock.

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

## Performance – as at 30 June 2018

**Inception Date:** 03 Dec 1997

**Performance benchmark:** S&P/ASX 200 Accumulation Index AUD

**Management costs\*\*:** 0.46%

\*\*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)

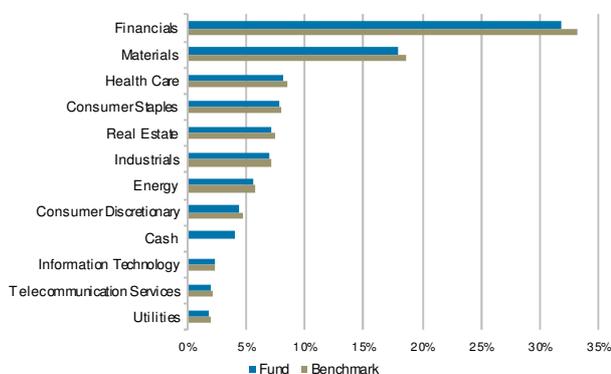
%	1 mth	3 mth	1 yr	3 yr	5 yr	Incept
Total return - after fees	3.23	8.39	12.75	8.47	9.60	8.74
Benchmark	3.27	8.47	13.01	9.03	9.97	8.92

Past performance is not a reliable indicator of future performance.

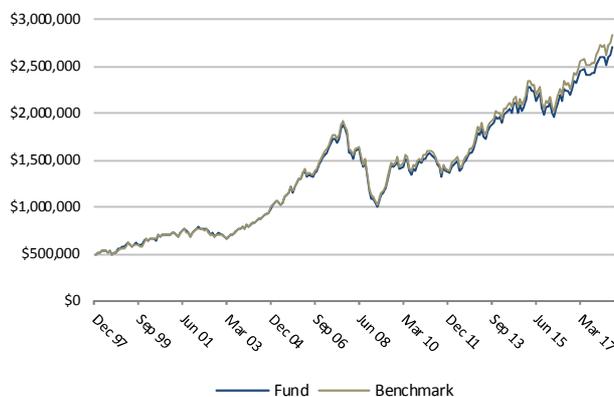
Performance is annualised for periods greater than one year.

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 'A' fees and costs, and assume all distributions are reinvested.

## Asset allocation



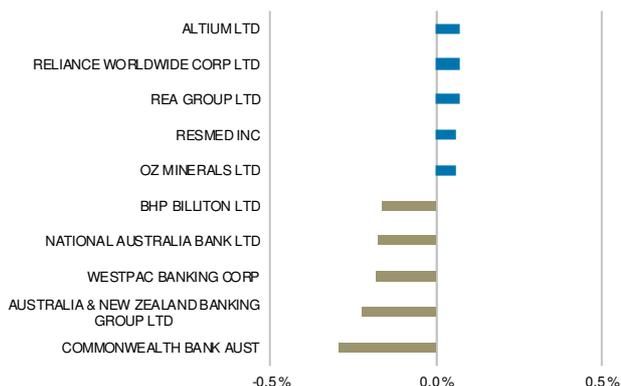
## \$500,000 invested since inception



## Top 10 holdings

Security Details	% Portf	% Bench
COMMONWEALTH BANK AUST	7.43	7.73
BHP BILLITON LTD	6.39	6.56
WESTPAC BANKING CORP	5.86	6.04
CSL LTD	5.14	5.25
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD	4.70	4.92
NATIONAL AUSTRALIA BANK LTD	4.31	4.49
WESFARMERS LTD	3.26	3.37
MACQUARIE GROUP LTD	2.35	2.36
WOOLWORTHS GROUP LTD	2.31	2.41
RIO TINTO LTD	2.04	2.07

## Top / bottom 5 active positions



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### Performance and activity

At the asset allocation level, underweight allocations towards the telecommunication services and financials sectors were the primary drivers of the outperformance for the quarter.

At the stock level the largest positive contributor was an underweight position in Telstra Corp Ltd, which underperformed after rebasing its earnings at its strategy day, and overweight positions in Reliance Worldwide Corporation and Aristocrat Leisure. Reliance Worldwide Corporation undertook a discounted rights issue in May after announcing the earnings accretive acquisition of UK based John Guest Holdings and the share price rallied strongly.

The main detractors for the quarter included underweight holdings in Woodside Petroleum and Xero, and an overweight holding in Bellamy's Australia.

### Market commentary

Australian shares were up very strongly in the June quarter; the S&P/ASX200 Accumulation Index soaring 8.5% during the period. Energy and healthcare were the standout sectors for the quarter, rising 19.7% and 16.5% respectively, largely driven by both rising resource prices and US dollar. The US dollar heavily influences earnings expectations for many Australian businesses, notably BHP and CSL, who were the market's top contributors for the quarter. Telecommunications was the only negative performing sector, down 13.7% for the period, as Telstra fell further on continued shorter-term concerns of reducing profits and dividends, despite the business announcing cost-cutting to be on track and further detailing its new strategy to gain market share. Meanwhile, one of the top performing stocks was poker machine manufacturer Aristocrat Leisure, which rose by 29% over the June quarter as the company announced soaring revenue amid strong growth in its digital gaming division.

### Outlook

So far, the Australian share market has proved quite resilient in the face of trade war fears. This is partly because Australia is unlikely to be directly affected, however it could become vulnerable should trade wars pose a threat to global growth as that would reduce demand for exports. Despite this risk, we continue to see share markets trending higher by year end as global growth remains solid, supported by good earnings growth

and easy monetary policy. In the very short term there is now a higher probability that the Australian ASX 200 index will hit our year-end target of 6300 early. However, the mining sector remains highly susceptible to any pause in activity from China. In addition, defensive companies that have historically offered high and stable dividends are likely to continue to underperform in a rising US interest rate environment, so investors should benefit by focussing on businesses that are more cyclical which tend to perform well as global economic activity picks up.

### Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 12 month basis.

### Facts

Fund size	\$406.23 million
Minimum suggested time frame	5 years
Minimum initial investment	\$500,000
Buy/sell spread	+0.20/-0.20

Distribution frequency	Half Yearly
Date of last distribution	Jun 2018
Distribution cents per unit	24.28

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### For more information

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