

Arrowstreet Global Equity

Quarterly Investment Option Update

31 March 2022

Aim and Strategy

To achieve a long-term total return (before fees and expenses) that exceeds the MSCI All Country World ex-Australia Index, in Australian dollars unhedged with net dividends reinvested. The portfolio provides exposure to a diversified portfolio of global equities which may include securities listed in emerging markets as well as securities of small capitalisation companies. The option will not invest in 'tobacco' securities as defined by Global Industry Classification Standards (GICS) and 'controversial weapon' securities as defined by MSCI, Inc. The option is actively managed using a quantitative approach and stock selection modelling to evaluate securities on an integrated basis to exploit tactical opportunities across different factors with the aim of controlling risk relative to its benchmark and maximising the likelihood of outperforming its benchmark. Arrowstreet's stock selection models are designed to:

- understand what information is likely to impact stock prices and obtain the information to forecast individual stock returns by evaluating a stock's potential on the basis of a diverse set of direct and indirect effects, and
- identify particular signals or segments of the market that exhibit the greatest mispricing (or inefficiencies) at any point in time.

The option may use derivatives to manage currency risk arising from differences in the currency weights of the portfolio's investments compared to its benchmark. The portfolio's exposure to foreign currencies is not hedged back to Australian dollars.

Investment Option Performance

To view the latest investment performances for each product please visit amp.com.au/performance

Investment Option Overview

Investment Category	Global Shares
Suggested Investment timeframe	7 years
Relative risk rating	7/ Very High
Investment style	Core
Manager Style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	n/a	99.58
Cash	n/a	0.42

Sector Allocation	%
Information Technology	24.08
Health Care	14.62
Financials	14.54
Energy	12.13
Materials	8.85
Consumer Discretionary	7.83
Communication Services	6.06
Consumer Staples	5.52
Industrials	5.25
Real Estate	0.49
Utilities	0.20

Top Holdings	%
Microsoft Corp.	5.98
Alphabet Inc.	3.86
Berkshire Hathaway	2.44
ASML Holding	2.30
UnitedHealth Group Inc.	2.26
Apple Inc.	2.06
TotalEnergies	2.04
Petrol Brasileiros	1.95
Rio Tinto	1.78
Johnson & Johnson	1.64

Investment Option Summary

Relative to the Benchmark, Materials was the largest sector contributor to performance over the quarter, as a result of stock selection and overweight positioning in UK Materials, while Communication Services was also a relative contributor, owing to stock selection and underweight positioning in US Communication Services. Financials was the largest sector detractor on a relative basis, driven by overweight positioning in Russian Financials.

The UK was the top country contributor on a relative basis, driven by stock selection and overweight positioning in UK Materials and overweight positioning in UK Energy. Russia was the largest relative country detractor, owing to the aforementioned overweight positioning in Russian Financials, as well as overweight positioning in Russian Energy.

Arrowstreet employs a quantitative benchmark-aware approach, dynamically taking overweight and underweight positions in countries, sectors, and individual stocks, with the aim of achieving long-term outperformance of the Benchmark. Arrowstreet's core investment style seeks to outperform during a broad range of market environments, and its systematic quantitative approach allows Arrowstreet to react quickly through market volatility.

Market Commentary

Equities fell across regions, and most notably in Europe, in the first quarter of 2022. In late February, after mounting tensions from the start of the year, Russia invaded Ukraine. The US and EU imposed severe sanctions on Russia, leading to significant volatility in Russian assets. Fears about the economic impact of the crisis sent stocks lower and oil and other commodity prices higher. While equity markets recovered from early March lows, the ongoing conflict led to heightened uncertainty and volatility across asset classes, and it put further stress on already taxed supply chains and upward pressure on food and energy prices, stoking inflation worries. Indeed, inflation prints globally continued to accelerate. Central banks scrambled to temper rising prices with increasingly hawkish policy moves, and interest rates rose sharply in most regions. Furthermore, the US Treasury yield curve inverted late in the quarter as market participants expected the US Fed to aggressively raise short-term interest rates to attempt to control inflation. Covid-19 faded as a primary market concern amid the geopolitical unrest in Eastern Europe, but added to uncertainty nonetheless. Cases of the Omicron variant exploded early in the year, but quickly declined, and late in the quarter China once more imposed virus-related lockdowns. Chinese stocks were volatile in the second half of the quarter, partially as a result of Covid restrictions, but also due to concerns about China's relationship with Russia and risks of delisting for US-listed Chinese stocks. Value staged a strong recovery early in the year in part due to the surge in Energy stocks, while growth stocks – particularly those in longer duration, technology-oriented industries – underperformed. Energy and Materials were the top market sector performers for the quarter, boosted by higher underlying commodity prices. Consumer Discretionary, Communication Services, and Information Technology were the worst performing sectors.

Availability

Product name	APIR
SignatureSuper*	AMP1554AU
SignatureSuper Allocated Pension*	AMP1566AU

*Closed to new investors

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