

# Future Directions Asian Share

Quarterly Investment Option Update

30 June 2022

## Aim and Strategy

To provide high returns over the long term, while accepting a higher level of volatility, through a diversified portfolio of international shares within the Asia (ex-Japan) universe. The objective is to provide a total return, after costs and before tax, above the return from the MSCI All Country Asia ex Japan Net Index on a rolling 3 to 5 years basis.

## Investment Option Performance

To view the latest investment performances for this product, please visit [www.amp.com.au/performance](http://www.amp.com.au/performance)

## Investment Option Overview

<b>Investment category</b>	Global Shares
<b>Suggested minimum investment timeframe</b>	7 years
<b>Relative risk rating</b>	Very High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Global shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
Global Shares	94.18
Australian Shares	2.67
Listed Property and Infrastructure	0.31
Cash	2.84

<b>Sector Allocation</b>	<b>%</b>
Information Technology	20.96
Financials	20.49
Consumer Discretionary	12.67
Communication Services	8.74
Materials	7.08
Industrials	6.49
Energy	6.43
Consumer Staples	5.18
Health Care	3.40
Utilities	3.25
Cash	2.84
Real Estate	2.46

<b>Top Holdings</b>	<b>%</b>
TSMC	7.69
Samsung Electronics Co Ltd	4.85
TENCENT HOLDINGS LTD	4.50
ALIBABA GROUP HOLDING	3.91
RELIANCE INDUSTRIES LTD	2.67
AIA GROUP LTD	2.67
China Construction Bank Corp	1.72
DBS GROUP HOLDINGS LTD	1.67
NetEase Inc	1.59
Infosys Ltd	1.54

<b>Region Allocation</b>	<b>%</b>
Asia ex Japan	93.15
Cash	2.84
Australasia	2.67
United Kingdom	1.34

## Fund Performance

The Fund posted a negative return and underperformed its benchmark over the June quarter. Both underlying managers lost ground and underperformed the benchmark. Over the long term, the Fund continues to post strong positive returns and has also outperformed the benchmark over 1, 2, 3 and 5 years, and since inception (annualised). (All returns are before fees.) Country allocation had a positive effect on relative returns. The main contributors were from underweight exposures to Taiwan and India, while the main detractor was an overweight position in Australia. The Fund's cash position, which is held mainly in US dollars, added value as markets retreated. Sector allocation held back the Fund's relative returns, with the main detractor being an underweight to consumer discretionary, which outweighed the contribution coming from an overweight exposure to energy which added most value.

Stock selection was the primary driver of the Fund's underperformance. The main detractors were positions in information technology, consumer discretionary and materials, whereas positions in consumer staples and communication services stocks benefitted during the period.

At an individual stock level, the main individual detractor from relative returns was an underweight position in Chinese online food delivery and local services platform Meituan (+36%), which surged as investors became optimistic that authorities may take a less punitive position on internet regulations and as Shanghai announced a plan to exit lockdown. Other significant detractors included overweight positions in Australian gold miner Newcrest Mining (-22%) and South Korean manufacturer of electronic components Samsung Electronics (-16%).

The main contributor to relative returns was an overweight position in China's second largest brewing company Tsingtao Brewery (+43%), which saw its share price rally as COVID restrictions were relaxed during June, with the expected benefit from the increasing domestic preference for more expensive high-end beers expected to help cushion the higher costs for raw materials and packaging. Other contributors included having a nil position in Singaporean-based global consumer internet company Sea Limited (-39%) and an overweight position in Chinese online financial platform East Money Information Company (+25%).

## Market Review

Global shares fell significantly over the June quarter as the combination of prevailing high inflation, rising interest rates and fear of recession continued to dent market optimism. A highly volatile energy market also impacted, exacerbated by the Russian war on Ukraine which further stoked market fears. Some positives however did emerge, including China easing its lockdown restrictions and Fed officials slightly reining in their recent hawkish tone as some very tentative signs inflation may be close to a peak appeared. While corporate earnings growth has generally remained solid, management comments around increased cost pressures was another theme also likely factored into the price falls. Emerging markets also fell significantly, though to not as a great a degree as their developed peers, with China's easing of lockdowns appearing to be the prime driver of the outperformance. Meanwhile a strong US dollar may have likely capped stronger performance for emerging markets, as the majority of emerging market debt is held in this currency.

## Outlook

As central banks continue to raise rates amid record levels of global debt, markets have begun to factor in a growing likelihood of recession, as well as inflation prevailing for some time yet. Corporate earnings remain mostly strong, though some companies have noted increased costs eating into margins. Russia's war on Ukraine meanwhile is continuing to exacerbate global supply chain issues. In this environment, businesses with a strong competitive advantage and power to raise prices are likely to gain market share. While further short-term volatility may ensue, we continue to believe the longer-term trend will remain to the upside, and that investors with a diversified portfolio of quality businesses, bought at a reasonable price, are likely to do relatively well.

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## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP1205AU**
Flexible Lifetime - Investments (Series 2)	AMP1408AU**
SignatureSuper	AMP1211AU*
SignatureSuper - Allocated Pension	AMP1220AU*

\*Closed to new investors

\*\*Closed to new and existing investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



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