

Specialist Australian Share

Quarterly Investment Option Update

31 March 2025

Aim and Strategy

The strategy aims to provide total returns (income and capital growth) after investment fees and before tax, above the S&P/ASX 300 Total Return Index on a rolling 3-year basis by using a multi-manager approach. The portfolio primarily invests in shares listed on the Australian Securities Exchange (ASX). The portfolio may also hold up to 5% in international shares, where those securities are also listed on the ASX. Any currency exposure will be hedged back to Australian dollar using derivatives, and they may also be used to gain equity market exposure. The portfolio may also short sell securities.

Investment Option Performance

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

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	7 years
Standard Risk Measure	7/Very High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
Global Shares	11.40
Australian Shares	80.01
Property	5.48
Cash	3.11

Sector Allocation	%
Financials	25.70
Materials	20.75
Health Care	12.54
Consumer Discretionary	8.93
Industrials	6.70
Information Technology	5.82
Real Estate	4.91
Communication Services	4.90
Energy	4.31
Consumer Staples	3.89
Cash	3.11
Utilities	0.19
Futures	-1.75

Top Holdings	%
Commonwealth Bank of Australia	5.36
BHP Group Ltd	4.61
CSL Ltd	3.71
Australia & New Zealand Banking Group Ltd	3.09
Woodside Energy Group Ltd	2.99
Westpac Banking Corp	2.48
TELSTRA GROUP LTD	2.16
National Australia Bank Ltd	2.12
Macquarie Group Ltd	2.10
QBE Insurance Group Ltd	1.97

Fund Performance

The Investment Option produced a negative return for the quarter and underperformed its benchmark. Longer-term performance remains solid.

Underlying manager performance was mixed over the quarter, with Allan Gray outperforming, while ECP and Regal both underperformed. Stock selection contributed negatively, particularly within the consumer discretionary sector. Asset allocation also detracted from performance, with an overweight to information technology impacting the Investment Option's return as the sector fell, driven by global falls after the release of DeepSeek, an apparent cost-effective Chinese artificial intelligence model.

An overweight holding in gold miner Newmont Corporation, was the largest individual stock contributor to the relative return. The company's shares rose strongly over the quarter (+30%) amid a surging gold price. Small overweight positions in other gold companies, such as Pantoro (+89%) and Vault Minerals (+35%) were also among the top contributors.

An overweight holding in technology & software company Nuix was the largest individual detractor from the relative return. The company's shares fell (-52%) amid the global technology sector sell-down, with a disappointing earnings-update also adding to pessimism. Other significant detractors to the relative return for the quarter came from overweight positions in technology company Block (-39%) and aluminium producer Alcoa (-19%).

Market Review

Australian shares, similar to their international counterparts, steadily rose in the first half of the March quarter before pulling back later in the period, closing the quarter down by 2.8% as measured by the ASX200 total return index. Earlier in the quarter, traders took comfort from small signs of improvement in the still-struggling domestic economy, including small increases in retail and business sentiment, as well as building permits, plus the RBA's long-awaited though largely expected rate cut in February. Towards the end of February, some concern kicked in from global markets around the Trump administration's tariffs, which despite being well-telegraphed in the election campaign, turned out to be levied at higher rates than many anticipated (as revealed in early April.) Compared to other countries such as China, Australia exports a relatively low amount of goods to the US, thus any impact to domestic GDP appears likely to be small. IT was the weakest sector for the quarter, driven by falls in the US, while healthcare was also weak amid fears of potential US tariffs. Defensive sectors outside of healthcare, such as utilities and communications, produced the strongest returns for the period.

Outlook

Corporate earnings in Australia, while still struggling in some areas, have generally shown resilience, though earnings growth expectations in the short to medium-term are mild. Generally, containing costs remains a priority over more aggressive targeting of top-line growth. While the low-growth economic environment remains difficult, the stability of Australian earnings and dividends over the long-term, and the ability to generate a growing, tax-effective income stream should be kept in mind. Over the long-term, we believe Australian shares will continue to rise, with volatility being a necessary premium to pay in exchange for higher potential returns.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0854AU**
Flexible Lifetime - Investments (Series 2)	AMP1410AU**
SignatureSuper	AMP0797AU
SignatureSuper - Allocated Pension	AMP1150AU
SignatureSuper - Term Pension	AMP1150AU*

*Closed to new investors

**Closed to new and existing investors

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