

AMP Australian Share Enhanced Index

Quarterly Investment Option Update

30 September 2020

Aim and Strategy

To provide investors with access to a portfolio of shares listed on the Australian Securities Exchange, with diversification achieved primarily through investment across a range of industries and issuers. In identifying share opportunities for the investment option we take an 'enhanced index' approach to investment. This enhanced index approach is tailored to the Australian market and provides greater potential for enhanced, risk-adjusted returns than would be achieved through investment in a pure index investment option.

Investment Option Performance

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

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	5 years
Relative risk rating	6 / High
Investment style	Enhanced Index
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	2.86
Australian Shares	82.80
Listed Property and Infrastructure	10.26
Cash	4.08

Sector Allocation	%
Financials	24.86
Materials	19.27
Health Care	11.72
Industrials	7.57
Consumer Discretionary	7.50
Real Estate	6.61
Consumer Staples	5.98
Cash	4.02
Information Technology	3.88
Communication Services	3.56
Energy	3.22
Utilities	1.81

Top Holdings	%
CSL Ltd	7.72
COMMONWEALTH BANK AUST	6.60
BHP Group Ltd	6.22
Westpac Banking Corp	3.69
National Australia Bank Ltd	3.36
Australia & New Zealand Banking Group Ltd	3.03
Wesfarmers Ltd	2.97
Woolworths Group Ltd	2.81
Macquarie Group Ltd	2.34
Transurban Group	2.29

Market Review

Australian shares initially rose in July and August, before pulling back in September to end the quarter down by 0.44% as measured by the S&P/ASX 200 index, on a total return basis. Early to mid-quarter, Australian shares were driven by rising global markets, amid broader global optimism and the continued presence of massive levels of economic stimulus, with central banks (including the RBA) continuing to indicate they will do whatever is necessary to support economies. The August reporting season then saw the market rise further, with many companies beating unsurprisingly low consensus forecasts. Given the unique COVID-19 backdrop, as expected results were variable from business to business and across sectors. Information technology, healthcare, some of the miners, gold producers and even some consumer discretionary stocks reported relatively strong results, given the circumstances. Retailers focussed on e-commerce, rather than traditional bricks and mortar, also reported strong results. Meanwhile, airlines, other travel-related businesses and financials generally struggled. Late in the quarter, Australian shares fell alongside global markets, as concerns rose around continued and further lockdowns, such as those being experienced in Melbourne, which have now lasted longer than Wuhan's, where the virus originated.

Outlook

Australian shares will likely continue to be primarily driven by global markets. Like its international peers, Australia's economic growth has slumped, though evidence of a bounce-back has emerged in some sectors, supported by Chinese demand. Australia's greater degree of government stimulus (relative to other countries) should help support Australian shares, though there are some near-term risks, such as soured trade relations with China and a continued lack of medium-term earnings visibility for many companies. Given large price rises since the March lows, there may be an increased risk of corrections, though we believe the longer-term trend is likely to remain positive. We continue to believe investors should be selective and, as always, maintain a longer-term perspective.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0828AU*
Flexible Lifetime - Investments (Series 2)	AMP1445AU*

*Closed to new investors

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What you need to know

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