



# AMP International Share Enhanced Index

Quarterly Investment Option Update

31 December 2020

## Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, higher than the return from the benchmark on a rolling 12-month basis. The portfolio invests in international shares and partially replicates the MSCI World (ex-Australia) (ex Tobacco) Index. Some of the portfolio's underlying managers may use short selling with the aim of implementing the investment objectives. The investment option may be geared, but in normal circumstances, the investment option will be no more than 100% exposed to international share market movements, after taking into account derivative positions. In normal circumstances, the investment option is unhedged to Australian dollars.

## Investment Option Performance

To view the latest investment performances for each 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>	High
<b>Investment style</b>	Enhanced Index
<b>Manager style</b>	Multi-manager

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

<b>Actual Allocation</b>	<b>%</b>
International Shares	95.80
Australian Shares	0.28
Listed Property and Infrastructure	2.13
International Fixed Interest	0.00
Cash	1.80

<b>Sector Allocation</b>	<b>%</b>
Information Technology	21.38
Consumer Discretionary	12.76
Health Care	12.21
Financials	11.64
Industrials	10.25
Communication Services	8.35
Consumer Staples	6.71
Materials	4.28
Utilities	2.85
Real Estate	2.39
Energy	2.12
Unit Trust	1.72
Cash	1.72
Futures	1.62

<b>Top Holdings</b>	<b>%</b>
Microsoft Corp	3.37
APPLE INC	3.14
Amazon.com Inc	2.93
Alphabet Inc	1.78
HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND	1.72
Facebook Inc	1.25
Tesla Inc	0.97
Procter & Gamble Co/The	0.80
NVIDIA Corp	0.64
QUALCOMM Inc	0.61

Region Allocation	%
North America	69.10
Europe ex UK	15.38
Japan	7.60
United Kingdom	4.33
Cash	1.84
Asia ex Japan	1.56
Others	0.13
Australasia	0.06

## Market Review

International shares produced a very strong performance over the December quarter, rising by 12.33% as measured by the MSCI World ex Australia index. Shares fell early in the quarter as COVID-19 numbers continued to rise in many parts of Europe and the US, leading some countries to reintroduce social distancing restrictions, which in many cases have been shown to be devastating to economies and businesses. Mid-quarter however, the market received a huge boost from announcements of successful COVID-19 vaccine trials from Moderna, Pfizer and Oxford-AstraZeneca. These vaccines were shown to be around 95% effective in preliminary results. Approval and initial rollout have now already occurred in some countries, with markets closely watching for medical results and data. The other major story over the quarter was the US election, with a Biden win finally confirmed in very early January 2021, as was a Democrat victory in both the Senate and the House. Markets broadly reacted positively as results increased in clarity through the period. In other positive news for markets, the UK and Europe also finally agreed on a Brexit deal at year-end, over 4 years after the referendum, allowing markets to put much of the related uncertainty into the rear-view mirror. (All indices are quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

The medium-term outlook for earnings remains difficult to predict; and varies greatly depending on company specifics. There is also the potential for shorter-term volatility as the market digests the implications of a Biden administration. We continue to believe investors should exercise caution, particularly where prices have risen quickly, and where valuations look stretched. Amid changing consumer dynamics, many companies will likely face challenging conditions for some time, while stronger businesses are likely to emerge from the COVID-19 crisis with gained market share. Risks of further pandemic breakouts and, indeed, the manner in which governments choose to respond, remain a risk until vaccines are fully implemented. Governments generally continue to implement supportive monetary and fiscal programmes to ease shorter-term burdens and keep economies more resilient, though some concern is growing around the sustainability of some programmes. Despite this, we believe the longer-term market trend will remain to the upside. As always, while the near-term direction of markets is impossible to accurately predict, we believe that those with a diversified portfolio of quality businesses, bought at a reasonable price, are likely to do well over the long term.

## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0994AU**
Flexible Lifetime - Investments (Series 2)	AMP1396AU**

\*\*Closed to new and existing investors

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