

Perennial Value Australian Share

Quarterly Investment Option Update

30 June 2021

Aim and Strategy

To grow the value of the investment over the long term via a combination of capital growth and tax-effective income, by investing in a diversified portfolio of Australian shares, and to provide a total return (before fees) that outperforms the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

The portfolio invests in a range of companies listed (or soon to be listed) on the ASX and will typically hold approximately 45 stocks with a minimum stock holding of 20 and a maximum of 70. The option may utilise derivative instruments for risk management purposes, subject to the specific restriction that they cannot be used to gear portfolio exposure.

Investment Option Performance

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

Investment Option Overview

Investment Category	Australian Shares
Suggested Investment timeframe	5 years
Relative risk rating	6 / High
Investment style	Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	100.0	94.8
Cash	0.0	5.2

Sector Allocation	%
Energy	5.0
Materials	21.1
Industrials	4.6
Consumer Discretionary	9.8
Consumer Staples	5.1
Health Care	11.5
Financials-x-Real Estate	30.3
Real Estate	1.4
Information Technology	0.0
Telecommunication Services	5.6
Utilities	0.6
Cash & Other	5.2

Top Holdings	%
CBA	7.5
BHP	7.1
Westpac	5.6
NAB	5.6
CSL	4.6
ANZ	3.0
Telstra	3.0
Healius	2.8
Macquarie Group	2.6
Aristocrat Leisure	2.6

Investment Option Commentary

The fund underperformed the benchmark. This was largely due to the resurgence of some of the growth sectors of the market in June. However, since the market low in March last year, the fund has delivered a very strong performance, significantly outperforming the benchmark.

Key positive contributors to relative performance over the quarter included Aristocrat Leisure, which reported a strong half-yearly result driven by rapid growth in their online social gaming operations. Retailers City Chic Collective and Kathmandu both performed well and are set to benefit as the reopening continues. Medical diagnostics company Healius, outperformed, with pathology earnings being boosted by COVID testing, while also benefitting from strong activity levels in its radiology division. Financials were also strong, with the major banks delivering positive interim profit results, showing improving operating trends and significant increases in dividends.

Holdings which detracted from performance included Seven Group, which raised capital to increase its stake in Boral and Ramsay Healthcare, which made a takeover offer of a major UK hospital group. These transactions are viewed as sound long-term investments. Agricultural stocks Nufarm and Graincorp also eased after strong recent performances. The fund remains positive on these holdings, with the agriculture sector currently experiencing very good conditions.

Market Commentary

Global markets continued their rally in the June quarter, with vaccine rollouts accelerating, economies reopening and uniformly strong economic data. This saw most major global indices deliver strong positive returns, with the S&P500 reaching a new record high.

The Australian market also performed well, with the ASX300 Accumulation Index returning +8.5%, with positive sentiment buoyed by broad-based strength in the domestic economy. The market has delivered a strong return of +28.5% for the financial year, also achieving a new record high.

During the quarter, the market was driven initially by the economic reopening and reflation dynamics, which boosted cyclical parts of the market such as Financials and Resources which are leveraged to improving economic growth and rising inflation. However, towards the latter part of the quarter, as easing in bond yields saw a rally in the more growth-oriented sectors of the market such as the tech sector. The result was that all sectors of the market other than Energy and Utilities delivered healthy positive returns.

Outlook

2021 may well mark a significant turning point for the global economy and markets, with the prospects of a near-term roll-out of an effective COVID vaccine underpinning the reopening of economies and a return to growth. Also, the change of leadership in the US may usher in a period of stability in terms of domestic and international policy and, hopefully, a generally more harmonious backdrop. Interest rates are likely to remain relatively low and the major fiscal stimulus measures should be positive for economic growth, corporate earnings and markets overall. The outlook for the Australian economy is also positive, with key indicators suggesting a high level of underlying strength.

As always, the focus will continue to be on investing in quality companies with proven business models and strong balance sheets, which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.

Availability

Product name	APIR
AMP Flexible Lifetime Super*	AMP0666AU
AMP Flexible Super - Retirement account*	AMP1367AU
AMP Flexible Super - Super account*	AMP1496AU
CustomSuper*	AMP0666AU
Flexible Lifetime - Allocated Pension*	AMP0631AU
Flexible Lifetime - Term Pension*	AMP0942AU
Flexible Lifetime Investment**	AMP0843AU
Flexible Lifetime Investment (Series 2)**	AMP1430AU
SignatureSuper*	AMP0808AU
SignatureSuper Allocated Pension*	AMP1169AU

*Closed to new members

**Closed to new and existing members

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