

# Future Directions Asian Share

Quarterly Investment Option Update

31 March 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 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>	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>
International Shares	93.69
Australian Shares	3.06
Listed Property and Infrastructure	0.89
Cash	2.36

<b>Sector Allocation</b>	<b>%</b>
Information Technology	25.69
Financials	19.68
Consumer Discretionary	10.65
Communication Services	8.58
Materials	7.27
Industrials	7.25
Energy	5.96
Consumer Staples	3.84
Health Care	3.44
Real Estate	2.64
Utilities	2.63
Cash	2.36

<b>Top Holdings</b>	<b>%</b>
TSMC	9.24
Samsung Electronics Co Ltd	5.59
Tencent Holdings Ltd	4.87
Alibaba Group Holding Ltd	3.34
RELIANCE INDUSTRIES LTD	2.48
Infosys Ltd	2.28
AIA Group Ltd	2.28
MediaTek Inc	1.86
DBS GROUP HOLDINGS LTD	1.83
SK Hynix Inc	1.59

<b>Region Allocation</b>	<b>%</b>
Asia ex Japan	93.35
Australasia	3.06
Cash	2.36
United Kingdom	1.24

## Fund Performance

The Fund posted a negative return but outperformed its benchmark over the March quarter. While both underlying managers lost ground, each comfortably outperformed the benchmark, led by Lazard. 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 contributor was an overweight exposure to Australia, while the main detractors were an underweight exposure to Thailand and an overweight position in South Korea.

Sector allocation contributed to the Fund's relative returns, with the main contributions coming from an overweight exposure to energy and an underweight exposure to consumer discretionary, whereas the main detractors were underweight exposures to financials and real estate.

Stock selection was the primary driver of the Fund's outperformance. The main positive contributors were positions in materials, industrials and energy stocks, which far outweighed the main detractors from positions in information technology and utilities stocks.

At an individual stock level, the main contributor to relative returns was an overweight position in Australian energy company Santos (+25%), which saw its share price benefit from the release of a strong production report for the December quarter and was further buoyed by the ongoing post-COVID demand recovery in oil and gas and the concerns related to a disruption in Russia's supply following the Ukraine invasion. Other contributors included an overweight position in Chinese oil and gas company PetroChina Company (+13%) and an underweight exposure in Chinese online shopping platform Meituan (-33%).

The main individual detractor from relative returns was an overweight position in Taiwanese chip manufacturer MediaTek (-29%), which was weak on the back of market concerns about the potential impact of recent pricing trends on profits as well as the dampening effects of the lockdowns in China. Other significant detractors included overweight positions in Chinese online financial platform East Money Information Company (-34%) and Indian e-commerce and fintech company One 97 Communications (-57%).

## Market Review

Global share markets fell during the March quarter. Major drivers were increased inflation levels around the globe and the growing belief that central banks, particularly in developed economies, may have fallen considerably behind the ball in normalising interest rates, thus further exacerbating inflation. Russia's unprovoked invasion of Ukraine in late February added to share price falls. Beyond the horrible human cost, the war has further inflamed already-significant global supply chain issues and commodity price volatility, particularly oil and gas. Countering this pessimistic backdrop however, much of the global economy continues to grow, corporate earnings are generally solid - particularly in the US - and COVID-19 restrictions, in many countries, have become a thing of the past (with the notable exception of China). Emerging markets also fell over the period and were impacted in a similar way to developed markets. Asian stocks suffered overall in the 'risk-off' environment and Chinese stocks particularly struggled, as the nation's COVID-zero policies resulted in further mass-scale lockdowns which, along with ongoing regulatory concerns, contributed to heavy falls.

## Outlook

Prevailing high inflation rates remain a prime market concern, particularly when taken into account with record debt levels across the globe presenting difficulties as central banks begin to raise interest rates. Meanwhile, corporate earnings remain reasonably strong and growing, as companies continue to move ahead from the 2020 COVID downturn. Russia's war on Ukraine is also likely to produce further volatility in the near-term as the conflict plays out. Supply-demand mismatches remain and, in some areas, have been exacerbated by the war. Likely tax hikes

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from the Biden administration are a further issue on the horizon which will impact earnings. Businesses with a strong competitive advantage, which tend to have power to raise prices, should do relatively well in an inflationary environment. As more central banks initiate rate rises in the coming months, this may actually ease, rather than add to market uncertainty. 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 well over the longer-term.

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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

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