

# Perpetual Industrial Share

Quarterly Investment Option Update

31 March 2022

## Aim and Strategy

To provide long-term capital growth and regular income through investment in quality industrial shares. The strategy aims to outperform the S&P/ASX 300 Industrials Accumulation Index (before fees and taxes) over rolling three-year periods. Perpetual's priority is to select those companies that represent the best investment quality and are appropriately priced. Investment quality is based on four key criteria: conservative debt levels, sound management, quality business and recurring earnings.

## Investment Option Performance

To view the latest investment performances for each product please visit [amp.com.au/performance](http://amp.com.au/performance)

## Investment Option Overview

|                                       |                   |
|---------------------------------------|-------------------|
| <b>Investment Category</b>            | Australian Shares |
| <b>Suggested investment timeframe</b> | 5 years           |
| <b>Relative risk rating</b>           | 7 / Very High     |
| <b>Investment style</b>               | Value             |
| <b>Manager style</b>                  | Single Manager    |

| Asset Allocation  | Benchmark (%) | Actual (%) |
|-------------------|---------------|------------|
| Australian Shares | n/a           | 92.7       |
| Global Shares     | n/a           |            |
| Cash              | n/a           | 7.3        |

| Sector Allocation             | %    |
|-------------------------------|------|
| Cash                          | 7.3  |
| Consumer Discretionary        | 18.3 |
| Consumer Staples              | 9.0  |
| Energy                        | 0.0  |
| Financials ex Property Trusts | 29.4 |
| Health Care                   | 9.5  |
| Industrials                   | 11.8 |
| Information Technology        | 0.0  |
| Materials                     | 4.8  |
| Real Estate                   | 2.5  |
| Telecommunication Services    | 7.4  |
| Utilities                     | 0.0  |

| Top Holdings                    | %   |
|---------------------------------|-----|
| National Australia Bank Limited | 9.5 |
| Commonwealth Bank of Australia  | 8.2 |
| CSL Limited                     | 7.0 |
| Incitec Pivot Limited           | 4.8 |
| Telstra Corporation Limited     | 4.3 |
| Suncorp Group Limited           | 4.2 |
| Flutter Entertainment Plc       | 4.1 |
| ANZ Banking Group Ltd           | 4.0 |
| Qantas Airways Limited          | 3.9 |
| Tabcorp Holdings Limited        | 3.1 |

## Market Commentary

The Australian equity market strengthened over the March quarter, supported by the Resources sector as energy and metals prices soared to multi-year and record highs amid concerns that the Ukrainian war and associated sanctions would curtail supply. While volatility was elevated, the market remained relatively resilient against a backdrop of geopolitical tensions, trade restrictions, supply disruptions, and heightened inflationary pressure. Value stocks outpaced growth stocks, as the IT sector sold off heavily early in the quarter despite seeing a strong rally in March. The Health Care and Consumer Discretionary industries were also heavily impacted as trading updates highlighted margin pressures from supply chain disruptions. Solid half-year corporate financial results released throughout February, however, helped offset losses incurred at the beginning of the quarter.

Coronavirus news dominated headlines in January, though there was no significant shift in the narrative. The Omicron variant intensified the pressure on already-strained supply chains, while isolation requirements exacerbated worker shortages and adversely impacted business confidence and conditions. The announcement of the reopening of the international border assisted in boosting confidence, though consumers appeared more reactive to the war in Ukraine, rising inflation, and interest rate developments. Finally, there were few surprises in the Federal Budget, which included new spending and income support to ease cost-of-living pressures.

Robust jobs data saw markets increase interest rate hike expectations, with five now priced in for 2022. While the RBA left policy settings unchanged throughout the quarter, it reiterated the possibility of an interest rate rise in 2022 as inflation picked up more quickly than expected and acknowledged the risk of waiting too long to raise rates. However, it did note that the Ukraine war and increase in energy prices had created additional uncertainty that was likely to intensify headline inflation pressures and adversely impact economic growth, which further quelled market sentiment.

## Availability

| Product name                              | APIR      |
|---|-----------|
| SignatureSuper*                           | AMP0811AU |
| SignatureSuper Allocated Pension*         | AMP3053AU |
| SignatureSuper Term Pension*              | AMP3053AU |
| Flexible Lifetime Investment (Series 1)** | AMP0853AU |
| Flexible Lifetime Investment (Series 2)** | AMP1431AU |

\*Closed to new investors

\*\*Closed to new and existing investors

## Contact Details

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