



AMP Australian Share

Quarterly Investment Option Update

30 June 2022

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3 year basis. The portfolio uses a number of diverse styles.

Investment Option Performance

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

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	5 to 7 years
Relative risk rating	Very High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
International Shares	4.90
Australian Shares	85.03
Listed Property and Infrastructure	6.75
Cash	3.32

Sector Allocation	%
Financials	28.48
Materials	24.13
Health Care	9.43
Energy	7.84
Consumer Discretionary	6.44
Real Estate	5.22
Industrials	5.15
Communication Services	4.63
Consumer Staples	4.59
Information Technology	1.71
Utilities	1.26
Cash	1.12

Top Holdings	%
BHP Group Ltd	10.45
COMMONWEALTH BANK AUST	7.12
CSL Ltd	6.16
NATIONAL AUSTRALIA BANK	4.66
Woodside Energy Group Ltd	3.25
MACQUARIE GROUP LTD	3.18
Australia & New Zealand Banking Group Ltd	3.12
WESTPAC BANKING CORP	2.96
TELSTRA CORP LTD	2.66
Santos Ltd	2.55

Fund Performance

The Fund marginally underperformed the S&P/ASX 200 Accumulation Index benchmark during the June quarter. At an individual stock level, the key detractors from relative performance included an underweight position in Woodside Energy, which benefited alongside other stocks in the energy sector on the back of the continued strength in underlying commodities prices. Overweight positions in JB Hi-Fi and CSR also held back returns, with the building products company lagging as investor sentiment weakened following concerns of rising costs and falling demand due to rising mortgage rates.

Key contributors to relative performance for the quarter included underweight positions in Oz Minerals, Commonwealth Bank of Australia and Evolution Mining, with the gold miner coming under pressure following a disappointing business update in March and weakness in the gold price also weighed. Investors sold off banking giant Commonwealth Bank shares during the period in response to market volatility and the Reserve Bank's cash rate hike. While rate hikes are generally good news for the banks as it boosts their net interest margins, there are risks that credit growth slows and that bad debts increase. At the end of the quarter, the largest overweight positions in the Fund were Orora Ltd, Aristocrat Leisure and Santos.

Market Review

Australian shares fell significantly over the June quarter on the back of broader global falls, with the S&P/ASX 200 index returning -11.9% (on a total return basis) for the period. Similar to international shares, Australian share prices continued to be driven by rising interest rates, higher inflation and fears of recession. Australian corporate earnings, which are weighted towards financials largely on the back of residential property, also added to concern as the housing sector came under further pressure amid the rising rate environment. A number of major home builders also experienced financial strife during the period, further impacting confidence. On the positive side, Australia's economy continues to reap benefits from high commodity prices, particularly coal, which recently overtook iron ore as our largest export. However, a turbulent, struggling energy market, not helped by the war in eastern Europe, impacted energy stocks over the period. At a sector level, information technology (IT) was the weakest performer as the segment continued its global correction which began in 2021. Real estate and financials also struggled over the quarter. Relatively better performance meanwhile was seen in more defensive sectors, such as utilities and healthcare.

Outlook

Corporate earnings growth in Australia remains reasonably strong, with earnings and dividends still growing, though at a slightly reduced rate. Cost pressures however are impacting businesses and, in many cases, are being passed onto the customer. The broader economy exhibits strong employment levels and terms of trade, however consumers' ability to spend is falling as interest rates rise. Like overseas markets, inflation remains a prime concern, reflected by a hawkish RBA. The downturn in housing is also a concern for equity markets as interest rates rise. Longer-term, we believe the market will continue its upwards path, with volatility in the shorter-term likely to provide opportunities along the way.

Availability

Product Name	APIR
SignatureSuper	AMP0739AU*
SignatureSuper - Allocated Pension	AMP1129AU*
SignatureSuper Term Pension	AMP1129AU*

*Closed to new investors

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