

AMP Capital Equity

Quarterly Investment Option Update

31 December 2022

Aim and Strategy

To provide high returns over the long term while accepting high levels of volatility in returns, by investing in a portfolio of shares listed or about to be listed on the Australian Securities Exchange (ASX). The portfolio aims to provide returns, after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3-year basis. Investment is diversified across a range of industries and sectors, with a focus on the largest 200 companies. In constructing the portfolio, the investment manager employs a systematic rules-based approach where no individual stock fundamental analysis is conducted and the investment team use large sets of data to analyse stocks through intelligent screening methods. Passive, enhanced index and smart beta are examples of systematic approaches.

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 years
Standard Risk Measure	6/High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
Global Shares	3.28
Australian Shares	86.55
Listed Property and Infrastructure	8.02
Cash	2.15

Sector Allocation	%
Financials	28.22
Materials	24.53
Health Care	9.29
Energy	6.44
Industrials	5.83
Real Estate	5.82
Consumer Discretionary	5.80
Consumer Staples	4.09
Communication Services	3.55
Information Technology	2.82
Utilities	1.51
Cash	2.15

Top Holdings	%
BHP Group Ltd	10.99
COMMONWEALTH BANK AUST	8.21
CSL Ltd	6.57
National Australia Bank Ltd	4.61
Westpac Banking Corp	3.83
ANZ Group Holdings Ltd	3.44
Woodside Energy Group Ltd	3.16
Macquarie Group Ltd	2.89
Wesfarmers Ltd	2.30
TELSTRA GROUP LTD	2.21

Fund Performance

Key contributors to performance for the quarter included underweight positions in Core Lithium, Lake Resources and Healius.

Lithium producers Core Lithium and Lake Resources underperformed as lithium prices fell, driven by easing supply concerns and expectations of decreased demand for electric vehicles.

Healthcare company Healius underperformed for the period, after releasing a trading update revealing revenue was down due to a sharp decline in COVID testing, a sign the pandemic tailwind benefiting the company had waned.

Detractors from relative performance for the quarter included an overweight position in Aristocrat Leisure and underweight positions in Sandfire Resources, Evolution Mining & Chalice Mining.

Aristocrat Leisure continued to underperform as investors digested commentary from its November full year result. Of particular concern was the lower than expected growth forecast from its mobile games unit.

Sandfire Resources outperformed as copper prices rose, driven by inventory concerns and hopes of increased stimulus from China.

Evolution Mining and Chalice Mining outperformed as gold prices rose, driven by sentiment regarding potentially more dovish monetary policy from the Federal Reserve and the likelihood of a global recession.

Market Review

Similar to global peers, Australian shares rose strongly over the December quarter, finishing the period up by 9.4%. The bulk of the gains were made in October and November, as markets rose on optimism that inflation may be pulling back overseas, particularly in the US, while many central banks, including the RBA, reduced the increments of monetary tightening. December however saw some falls, as markets appeared to have become perhaps a little ahead of themselves with regard to an improving inflationary outlook, amid a realisation that interest rates may still be higher for some time yet. Australia appears to be around 6 months behind the US with regard to the path of inflation, though of course, there is no guarantee how closely this path will be followed. The domestic earnings season also featured during the quarter, and while current period profits were generally reasonable, a number of companies lowered their earnings forecasts amid rising costs. Regarding specific sector returns, utilities and materials were the strongest performers, though all sectors produced positive returns for the period.

Outlook

Corporate earnings growth in Australia remains reasonable, though should be considered in real terms, given the ongoing high levels of inflation. Businesses remain focussed on cost pressures, which are generally being passed onto customers. Similar to overseas markets, inflation remains a prime concern, as consumers' ability to spend is being crimped amid continued rate hikes. The RBA however has slowed the pace of hikes, and current inflation and wage growth pressures are less prominent in Australia compared to other developed markets. Over the long-term, we believe Australian shares will continue to rise, with volatility in the shorter-term likely to provide more opportunities.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0018AU**
Flexible Lifetime - Investments (Series 2)	AMP1394AU**

**Closed to new and existing investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying investment manager only and not necessarily the views of AMP Limited ABN 49 079 354 519 (AMP Group). No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information.

The investment option referred to in this publication is available through products issued by ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement (PDS) for the relevant product, available from the issuer or your financial planner.

Any advice in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in. The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.