



AMP International Share Enhanced Index

Quarterly Investment Option Update

31 March 2023

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, higher than the return from the benchmark on a rolling 12-month basis. The portfolio invests in international shares and partially replicates the MSCI World (ex-Australia) (ex Tobacco) Index. Some of the portfolio's underlying managers may use short selling with the aim of implementing the investment objectives. The investment option may be geared, but in normal circumstances, the investment option will be no more than 100% exposed to international share market movements, after taking into account derivative positions. In normal circumstances, the investment option is unhedged to Australian dollars.

Investment Option Performance

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

Investment Option Overview

Investment category	Global Shares
Suggested minimum investment timeframe	7 years
Standard Risk Measure	7/Very High
Investment style	Enhanced Index
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Global Shares	100
Cash	0

Actual Allocation	%
International Shares	95.87
Australian Shares	0.10
Listed Property and Infrastructure	1.92
Cash	2.11

Sector Allocation	%
Information Technology	18.90
Financials	15.86
Health Care	12.07
Industrials	10.75
Consumer Discretionary	10.66
Consumer Staples	6.90
Communication Services	6.69
Energy	4.94
Materials	4.07
Utilities	2.86
Real Estate	2.22
Cash	2.11
Futures	1.97

Top Holdings	%
MICROSOFT CORP	3.77
APPLE INC	3.62
Alphabet Inc	2.39
Amazon.com Inc	1.86
Henderson Global Investors Ltd	1.71
NVIDIA Corp	1.13
Tesla Inc	1.07
Meta Platforms Inc	0.99
UNITEDHEALTH GROUP INC	0.83
EXXON MOBIL CORPORATION	0.79

Region Allocation	%
North America	70.88
Europe ex UK	14.88
Japan	6.43
United Kingdom	4.47
Cash	2.11
Asia ex Japan	1.22
Australasia	0.01

Fund Performance

This Fund is invested via three portfolios, managed by AQR Capital Management (AQR), Intech and Janus Henderson. Each is a low-tracking risk portfolio relative to the benchmark index, constructed using different approaches. These approaches are typically focused on identifying opportunities to add value relative to the benchmark, through risk-controlled, systematic processes. The three approaches employed are: factor signals, volatility capture and multi-strategy.

For the March quarter, the Fund produced a very strong return, slightly outperforming its benchmark (before fees). Our underlying managers all performed strongly, matching or exceeding the benchmark.

Intech's relative volatility capture portfolio produced a strong return and outperformed the benchmark. The portfolio tends to overweight smaller stocks within the investment universe as due to their volatility, they tend to provide more value capture opportunities. Most of the outperformance was generated early to mid-quarter, with stock selection in industrials, IT and consumer staples all helping.

AQR's factor signals portfolio was also a strong performer, matching the benchmark. The manager's global stock selection model drove the outperformance, particularly through Japanese holdings. The manager's global asset allocation model meanwhile detracted, particularly through currency selection.

The allocation to Janus Henderson's portfolio meanwhile was also a strong performer, outperforming the benchmark, with the manager maintaining solid long-term performance numbers. The manager's underlying strategies produced mixed results over the three months, with Event Driven providing a solid boost mid-quarter.

Market Review

Despite some volatility, international shares rose strongly over the March quarter, with the MSCI World ex Australia index finishing the period up by 7.5% in local currency terms, or 9.2% in Australian dollar terms given relative weakness in the Australian dollar.

Reflecting recent previous quarters, the policy and tone of the central banks seemed to have prime influence over the market's direction, compared to economic fundamentals. Exemplifying this was the sudden emergence of solvency concerns in regional US banks after the collapse of Silicon Valley and Signature banks, as well as the rescue of Credit Suisse courtesy of a UBS takeover, combined with the help of the Swiss National Bank. For the remaining weeks of the quarter however sharemarkets generally rose strongly, as traders were spurred on by a prompt move from global central banks to limit any contagion, by way of providing significant cheap liquidity.

Economic data continued to be indicative of likely recessionary conditions ahead, with the market again taking this somewhat positively given continued moderation of inflation levels. Corporate data meanwhile was soft and reflective of higher interest rates beginning to bite, with more negative surprises in the December earnings results than positive. Energy and industrials were the standout sectors, showing strong earnings growth. Forward guidance statements were unsurprisingly focussed on rising costs.

Outlook

After many months of rate rises from central banks, signs are emerging more broadly that global inflation has

indeed topped out and a recession appears quite likely, though not guaranteed. In any case, for long-term investors, this generally shouldn't be a concern, as these conditions are part of the normal economic cycle. While the environment may toughen for companies, stronger businesses will likely emerge with increased market dominance. Furthermore, share prices tend to lead the economic cycle, rather than be synchronised to it. We believe a diverse basket of businesses bought at reasonable prices, particularly those with strong competitive advantage that generate high amounts of cash from their shareholders' capital, will serve investors well over the long-term.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0994AU**
Flexible Lifetime - Investments (Series 2)	AMP1396AU**

**Closed to new and existing investors

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