

Specialist Australian Share

Quarterly Investment Option Update

31 March 2023

Aim and Strategy

The strategy aims to provide total returns (income and capital growth) after investment fees and before tax, above the S&P/ASX 300 Accumulation Index on a rolling 3-year basis by using a multi-manager approach. The portfolio primarily invests in shares listed on the Australian Securities Exchange (ASX). The portfolio may also hold up to 5% in international shares, where those securities are also listed on the ASX. In normal circumstances the portfolio's international investments are fully hedged back to Australian dollars. The portfolio may use derivatives such as options, futures or swaps to protect against risks or enhance returns. The portfolio may also short sell securities.

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	7/Very High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
Global Shares	5.59
Australian Shares	88.42
Listed Property and Infrastructure	3.99
Cash	1.99

Sector Allocation	%
Financials	28.07
Materials	22.46
Health Care	9.50
Industrials	7.57
Consumer Discretionary	7.37
Energy	6.40
Communication Services	5.30
Consumer Staples	3.83
Real Estate	3.62
Information Technology	2.72
Cash	1.99
Utilities	1.15

Top Holdings	%
BHP Group Ltd	7.73
CSL Ltd	5.25
COMMONWEALTH BANK AUST	5.10
Woodside Energy Group Ltd	3.35
WESTPAC BANKING CORP	3.30
NATIONAL AUSTRALIA BANK	2.95
QBE Insurance Group Ltd	2.78
Australia & New Zealand Banking Group Ltd	2.75
Newcrest Mining Ltd	2.51
MACQUARIE GROUP LTD	2.38

Fund Performance

The Fund produced a strong positive return for the quarter, though underperformed the benchmark. Underlying manager performance was mixed, though generally strong in absolute terms. The Fund continues to outperform its benchmark over the longer-term, including over 3 and 5 years, and since inception (all returns before fees).

Stock selection contributed negatively over the quarter, particularly within the materials and IT sectors. Asset allocation was positive.

An underweight, but still sizeable holding in BHP was a significant detractor from relative returns. Shares in the Miner performed strongly over the period (+7%) on the back of continued strong resource prices and broader market optimism. Other individual detractors included underweight holdings in Fortescue Metals Group and Wesfarmers, which both experienced solid rises in share price over the quarter.

An overweight holding in Newcrest Mining was a significant contributor to relative returns, as the shares gained strongly during the period (+32%) on the back of strongly rising gold prices and the potential of a takeover from US gold miner, Newmont Corporation. Other individual contributors included overweight holdings in QBE Insurance Group and scrap metal company, Sims.

Market Review

Australian shares rose by 3.5% in the March quarter, as measured by the ASX200 total returns index. Local shares were driven by the same themes as the broader global market, with the likely path of central banks being the prime influence over economic fundamentals. In January, local shares gained ground on the belief central banks were close to easing off the brakes as inflation showed further signs of moderating. February however saw some shine taken off markets as central banks re-emphasised their priority to deal with inflation above other factors. March subsequently saw a marked change of tone as financial troubles emerged in US regional banks, then spilt into Switzerland with major bank Credit Suisse requiring a rescue by UBS and their central bank. While these events created volatility, Australian shares rallied into the final weeks of the quarter amid hopes of global, and indeed local pauses to rate hikes. This eventuated in very early April, as the RBA finally paused rates after a year of hikes.

The half yearly corporate reporting season also played out, yielding mixed results, generally moderate earnings growth, rising dividends and some cautious outlook statements amid continued inflation. Dividends also rose. Bank earnings, which make up a large proportion of the Australian market, showed signs of peaking as economic conditions continue to toughen. Bad debts also unsurprisingly rose. Cyclical meanwhile outperformed, though with consumers tightening their belts some shine may likely come off the sector as economic growth faces further headwinds.

Outlook

Corporate earnings in Australia remain reasonable, though should be considered in real terms, given ongoing high levels of inflation. Businesses meanwhile remain focussed on cost pressures, which are generally being passed onto customers. As we approach a likely phase of lower economic growth, with further volatility likely to ensue, it's worth remembering that the current stage of the economic cycle is well known by markets and priced in, at least to some degree. The relative stability of Australian dividends over the long-term and their ability to generate a growing, tax effective income stream should also be kept in mind. Over the long-term, we believe Australian shares will continue to rise, with volatility being necessary to provide opportunities for greater returns.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0854AU**
Flexible Lifetime - Investments (Series 2)	AMP1410AU**
SignatureSuper	AMP0797AU
SignatureSuper - Allocated Pension	AMP1150AU
SignatureSuper Term Pension	AMP1150AU*

*Closed to new investors

**Closed to new and existing investors

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