



# AMP Equity Fund

Quarterly Investment Option Update

30 September 2023

## 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. 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](http://www.amp.com.au/performance)

## Investment Option Overview

<b>Investment category</b>	Australian Shares
<b>Suggested minimum investment timeframe</b>	7 years
<b>Standard Risk Measure</b>	7/Very High
<b>Investment style</b>	Active
<b>Manager style</b>	Single

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	3.65
Australian Shares	87.99
Listed Property and Infrastructure	7.90
Cash	0.46

<b>Sector Allocation</b>	<b>%</b>
Financials	29.49
Materials	23.64
Health Care	8.49
Industrials	7.46
Consumer Discretionary	7.15
Real Estate	5.67
Energy	5.38
Consumer Staples	4.18
Communication Services	3.70
Information Technology	2.65
Utilities	1.71
Cash	0.46

<b>Top Holdings</b>	<b>%</b>
BHP Group Ltd	10.60
COMMONWEALTH BANK AUST	7.86
CSL Ltd	5.61
National Australia Bank Ltd	4.29
Australia & New Zealand Banking Group Ltd	3.71
Westpac Banking Corp	3.44
Woodside Energy Group Ltd	3.19
Macquarie Group Ltd	2.80
Wesfarmers Ltd	2.70
Woolworths Group Ltd	2.12

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## Fund Performance

The Fund produced a negative absolute return over the September quarter, though slightly outperformed the benchmark return as the Australian share market fell.

Key contributors to performance for the quarter included underweight positions in Chalice Mining and James Hardie, and an overweight position in HUB24. Financial services provider HUB24 outperformed after posting a strong result in the August reporting season.

Detractors from relative performance for the quarter included an overweight position in Qantas and underweight positions in Computershare (CPU) and Wesfarmers (WES). Qantas underperformed for the period after announcing that CEO Alan Joyce would retire earlier than planned, with Vanessa Hudson to replace him. Qantas also remained under pressure with rising oil prices likely to impact profitability given a reluctance to directly pass higher costs onto customers.

## Market Review

Australian shares finished the September quarter down by 0.8%, as measured by the ASX200 total return index. June earnings reports were generally better than expected, though many forecasts were still revised down amid a challenged economic backdrop, as cost pressures continue to impact bottom lines. Retailers in particular warned of testing conditions ahead, with consumers having heavily tightened their purse strings in recent months. Other themes included building material companies continuing to benefit from strong activity, albeit with some warning of a slowdown; insurers seeing margin improvement at the expense of customers due to premium increases; and home borrowers generally being able to maintain their payments (though with a rise in arrears notable in some non-bank lenders). Partly reflecting the cautious outlook guidance, consensus earnings expectations have been revised down, with many analysts expecting a small fall in earnings for FY24. Outside of the reporting season, Australian shares were driven by broader global themes, i.e., earlier in the quarter shares generally rose on the back of optimism around a global soft landing, then subsequently moved lower on the back of inflation not falling as fast as markets had hoped.

## 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.

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## Availability

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

\*\*Closed to new and existing investors

## Contact Details

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