

Australian Share Index

Quarterly Investment Option Update

30 September 2023

Aim and Strategy

The strategy aims to provide returns that closely match the S&P/ASX 300 Total Return Index. Exposure to the Australian shares asset class will be attained through the use of low cost index-focused investment managers.

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	7 years
Standard Risk Measure	7/Very High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
International Shares	3.64
Australian Shares	87.61
Listed Property and Infrastructure	8.11
Cash	0.64

Sector Allocation	%
Financials	28.06
Materials	23.92
Health Care	8.94
Consumer Discretionary	7.02
Industrials	7.01
Real Estate	5.95
Energy	5.89
Consumer Staples	4.51
Communication Services	3.94
Information Technology	2.63
Utilities	1.48
Cash	0.64

Top Holdings	%
BHP Group Ltd	10.26
COMMONWEALTH BANK AUST	7.67
CSL Ltd	5.54
National Australia Bank Ltd	4.18
Australia & New Zealand Banking Group Ltd	3.53
Westpac Banking Corp	3.39
Woodside Energy Group Ltd	3.17
Macquarie Group Ltd	2.77
Wesfarmers Ltd	2.75
Woolworths Group Ltd	2.08

Fund Performance

The Fund produced a negative return for the September quarter as markets pulled back.

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.

Availability

Product Name	APIR
SignatureSuper	AMP0782AU
SignatureSuper - Allocated Pension	AMP1136AU
SignatureSuper Term Pension	AMP1136AU*

*Closed to new investors

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