

# AMP Capital Equity

Quarterly Investment Option Update

31 March 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>	5 years
<b>Standard Risk Measure</b>	6/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	3.41
Australian Shares	88.27
Listed Property and Infrastructure	8.13
Cash	0.19

<b>Sector Allocation</b>	<b>%</b>
Financials	27.73
Materials	25.57
Health Care	9.74
Industrials	6.95
Consumer Discretionary	6.40
Energy	5.75
Real Estate	5.71
Consumer Staples	4.56
Communication Services	3.74
Information Technology	2.15
Utilities	1.50
Cash	0.19

<b>Top Holdings</b>	<b>%</b>
BHP Group Ltd	11.05
COMMONWEALTH BANK AUST	7.59
CSL Ltd	6.39
NATIONAL AUSTRALIA BANK	4.10
WESTPAC BANKING CORP	3.45
Australia & New Zealand Banking Group Ltd	3.22
MACQUARIE GROUP LTD	2.90
Woodside Energy Group Ltd	2.85
WESFARMERS LTD	2.42
TELSTRA GROUP LTD	2.24

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## Fund Performance

Key contributors to performance for the quarter included overweight positions in Aristocrat Leisure, Ramelius Resources and WiseTech Global.

Gold producer Ramelius Resources outperformed for the period, benefiting from strong gold prices - which have reached record highs in Australian dollar terms. Stresses in the banking sector, both in the US and Europe, saw gold benefit from its traditional 'safe haven' status.

Detractors from relative performance for the quarter included underweight position in Liontown Resources, REA Group and an overweight position in Whitehaven Coal.

Lithium producer Liontown Resources outperformed after receiving and rejecting a non-binding takeover proposal from American company Albermarle. The market is now expecting an improved offer to be made to management.

## 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 companies 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.

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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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