



AMP International Share Enhanced Index

Quarterly Investment Option Update

30 June 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	96.46
Australian Shares	0.18
Listed Property and Infrastructure	1.69
International Fixed Interest	0.00
Cash	1.66

Sector Allocation	%
Information Technology	20.60
Financials	15.68
Health Care	11.71
Industrials	11.54
Consumer Discretionary	11.43
Communication Services	6.48
Consumer Staples	6.47
Energy	4.74
Materials	3.51
Utilities	2.58
Real Estate	2.00
Cash	1.66
Futures	1.59
Others	0.00

Top Holdings	%
Microsoft Corp	4.12
APPLE INC	3.82
Alphabet Inc	2.35
Amazon.com Inc	2.03
Henderson Global Investors Ltd	1.74
NVIDIA Corp	1.69
Meta Platforms Inc	1.23
Tesla Inc	1.17
UNITEDHEALTH GROUP INC	0.91
Walmart Inc	0.75
Region Allocation	%
North America	72.50
Europe ex UK	14.01
Japan	6.50
United Kingdom	4.22
Cash	1.66
Asia ex Japan	1.02
Australasia	0.09

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.

The Fund produced another strong absolute return for the quarter, slightly outperforming its benchmark (before fees), with our underlying managers all being strong in absolute terms, though mixed in relative terms.

Intech's relative volatility capture portfolio produced a strong return, though slightly underperformed the benchmark. Intech's portfolio tends to overweight to small cap stocks, as due to their volatility they tend to provide more value capture opportunities. This negatively impacted relative performance during the quarter.

AQR's factor signals portfolio was the best performing allocation for the quarter. The manager's global stock selection model drove the outperformance, particularly through US holdings. The manager's global asset allocation model also contributed positively, through both currency and country selection.

The allocation to Janus Henderson meanwhile also produced a strong absolute return, which was roughly in line with the benchmark.

Market Review

The June quarter proved to be another strong one for international shares, with markets finishing the period up 7.3%, as measured by the MSCI World ex Australia index, in local currency terms. Technology and growth-focussed stocks dominated, with some of these stocks approaching somewhat extreme-looking earnings multiples. The main driver of the rally was the overarching theme of central banks looking to slow or pause their rate-hikes as inflation, while still high, continued to fall. A clear tightening bias however remained. Economic data continued to be indicative of likely recessionary conditions ahead, though showed some resilience relative to investor expectations, particularly in the US. Meanwhile, the March US earnings season was generally reasonable, with more companies surprising on the upside than the downside, despite continuing to flag difficult conditions ahead in outlook statements.

Emerging markets meanwhile again underperformed their developed peers, returning 1.7% for the period amid

weakening Chinese trade and manufacturing data. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

After around a year of raising interest rates, some central banks have slowed or paused their hikes, despite maintaining a tightening bias, on the back of significantly decreased (though still high) levels of inflation. Economic growth has also slowed, with some economies already falling into recession. For long-term investors however, recession generally shouldn't be a concern, as this is part of the normal economic cycle. While the corporate environment may toughen further, 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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