

# Specialist Australian Share

## Quarterly Investment Option Update

30 June 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](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>	7/Very High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

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

<b>Actual Allocation</b>	<b>%</b>
International Shares	7.12
Australian Shares	87.34
Listed Property and Infrastructure	3.87
Cash	1.68

<b>Sector Allocation</b>	<b>%</b>
Financials	28.61
Materials	21.84
Health Care	8.68
Consumer Discretionary	7.54
Industrials	7.37
Communication Services	5.48
Information Technology	5.01
Energy	4.67
Consumer Staples	4.40
Real Estate	3.82
Cash	1.68
Utilities	0.91

<b>Top Holdings</b>	<b>%</b>
BHP Group Ltd	7.00
COMMONWEALTH BANK AUST	4.73
CSL Ltd	4.71
Woodside Energy Group Ltd	3.29
Westpac Banking Corp	3.24
QBE Insurance Group Ltd	2.95
Australia & New Zealand Banking Group Ltd	2.71
NATIONAL AUSTRALIA BANK	2.45
MACQUARIE GROUP LTD	2.44
Newcrest Mining Ltd	2.22

## Fund Performance

The Fund produced a strong return for the June quarter and outperformed its benchmark. Underlying manager performance was mixed, though all produced positive absolute returns. 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 positively over the quarter, as did asset allocation. The portfolio's information technology holdings did particularly well over the period, returning over 28% in aggregate.

An overweight holding in Cettire was a significant contributor to the relative return. Shares in the luxury goods retailer surged during the period (+115%) on the back of strong growth in sales, active customers and revenue. Other significant individual contributors for the quarter included overweight holdings in software & services company Life360 Inc and networking company Megaport.

An overweight holding in Stanmore Resources Ltd was a significant detractor from the relative return. Shares in the coal mining company fell steadily over the period (-25%) as coal prices declined. Other significant individual detractors for the quarter included overweight holdings in Terracom and IDP Education.

## Market Review

Australian shares finished the June quarter up by 1.0%, as measured by the ASX200 total returns index. On one hand, this was spurred on by a strong US sharemarket lead, as global inflation levels continued to pull back. On the other hand, signs of a slowing Chinese economy weighed on Australian shares, given the countries' major trading relationship. The perception that Australia is 'behind the pace' in the global rate-hiking cycle also likely played on sentiment, though it should be remembered the impact of monetary policy is different locally, particularly given the much greater prevalence of variable rate mortgages and higher house prices. Overall, earnings remain reasonable, with many companies focussed on costs, given a general consensus of recessionary conditions being ahead.

## 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)	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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