



# AMP International Share Enhanced Index

Quarterly Investment Option Update

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

## Investment Option Overview

<b>Investment category</b>	Global Shares
<b>Suggested minimum investment timeframe</b>	7 years
<b>Standard Risk Measure</b>	7/Very High
<b>Investment style</b>	Enhanced Index
<b>Manager style</b>	Multi-manager

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

<b>Actual Allocation</b>	<b>%</b>
International Shares	96.80
Australian Shares	0.35
Listed Property and Infrastructure	1.64
Cash	1.21

<b>Sector Allocation</b>	<b>%</b>
Information Technology	20.03
Financials	16.50
Health Care	11.46
Industrials	11.29
Consumer Discretionary	10.84
Communication Services	7.20
Consumer Staples	6.32
Energy	5.17
Materials	3.71
Utilities	2.39
Futures	2.02
Real Estate	1.86
Cash	1.21
Others	0.00

<b>Top Holdings</b>	<b>%</b>
Microsoft Corp	4.05
APPLE INC	3.55
Alphabet Inc	2.78
Henderson Global Investors Ltd	2.07
Amazon.com Inc	2.06
NVIDIA Corp	2.02
Meta Platforms Inc	1.29
Tesla Inc	1.19
UnitedHealth Group Inc	0.94
Eli Lilly & Co	0.76

Region Allocation	%
North America	72.72
Europe ex UK	13.97
Japan	6.55
United Kingdom	4.19
Cash	1.21
Asia ex Japan	1.12
Australasia	0.25

## 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 an absolute return that was close to flat, slightly outperforming its benchmark, which was negative this quarter. Pleasingly, all three of our underlying managers outperformed their benchmark.

Intech's relative volatility capture portfolio produced a modest positive return and outperformed its benchmark. The portfolio tends to overweight to small cap stocks, as due to their volatility they tend to provide more value capture opportunities. This positively impacted relative performance mid-quarter.

AQR's factor signals portfolio produced a positive absolute return and outperformed its benchmark. Global stock selection again drove the outperformance, particularly through US and European holdings. Global asset allocation meanwhile contributed positively due to country selection.

Finally, the allocation to Janus Henderson also outperformed the benchmark, though just dipped into negative territory on an absolute basis. Longer-term performance from the manager remains strong.

## Market Review

Equity markets over the September quarter saw markets initially climb higher, on the back of gathering confidence of an economic soft landing playing out, i.e., a 'goldilocks' type situation with falling inflation, growth remaining positive and interest rate-rises no longer being required. As the quarter drew on however, these optimistic hopes were somewhat blunted, or at least pushed back timewise. Inflation, while still falling on a medium-term basis, remained sticky, labour markets remained tight, while consumption was quite resilient; therefore, central bank rhetoric and speculation seemed to sway back towards the 'higher for longer' narrative. An autoworkers' strike in the US plus yet another potential government shutdown also didn't help equity markets' sentiment. Thus, despite rising earlier in the period, global shares finished the quarter down by around 2.7% in local currency terms (though the performance was a little better in Australian dollar terms, given currency movements). Growth-focused US technology stocks yet again stood out as major market movers.

Driven by similar themes, emerging market equities also fell over the quarter, finishing down by -1.4% for the period, though outperforming developed markets. Improving, though still-volatile sentiment around the Chinese economy was a major driver of market movements, particularly in countries focused on commodity exports, as further monetary and fiscal stimulus was announced by the Chinese government.

## Outlook

Interest rates around the world are largely accepted as being close to, or already at their cyclical peak, on the back of significantly decreased (though still elevated) levels of inflation. Economic growth has also slowed, but not yet to deep recessionary levels. For long-term investors, a mild recession 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 a 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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