



AMP International Share Enhanced Index

Quarterly Investment Option Update

31 December 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	%
Global Shares	97.16
Australian Shares	-0.20
Property	1.95
Cash	1.09

Sector Allocation	%
Information Technology	21.54
Financials	16.28
Industrials	11.60
Health Care	10.94
Consumer Discretionary	10.85
Communication Services	7.06
Consumer Staples	5.94
Energy	4.20
Materials	3.54
Futures	2.70
Utilities	2.33
Real Estate	1.95
Cash	1.09

Top Holdings	%
Microsoft Corp	4.22
APPLE INC	3.38
Alphabet Inc	2.58
Amazon.com Inc	2.26
NVIDIA Corp	2.17
Henderson Global Investors Ltd	1.87
Meta Platforms Inc	1.39
Tesla Inc	1.07
Broadcom Inc	0.86
UnitedHealth Group Inc	0.80

Region Allocation	%
North America	73.71
Europe ex UK	13.75
Japan	6.47
United Kingdom	4.32
Cash	1.09
Asia ex Japan	0.95
Australasia	-0.28

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 a strong absolute return, outperforming its benchmark. One of the three of the Fund's underlying managers outperformed their benchmark. Intech's relative volatility capture portfolio produced a positive return and underperformed its benchmark. The portfolio tends to overweight to small cap stocks, as due to their volatility they tend to provide more value capture opportunities. While the allocation effect was neutral, stock selection negatively impacted relative performance during the quarter.

AQR's factor signals portfolio produced a positive absolute return and underperformed its benchmark. Global stock selection detracted from performance, particularly Japanese holdings. Global asset allocation also hampered relative returns, primarily due to country selection. Longer-term performance from the manager remains strong. Finally, the allocation to Janus Henderson outperformed the benchmark slightly and produced a positive return on an absolute basis.

Market Review

After a poor September quarter, the December quarter was one of the strongest seen in recent years for international equities, with major developed markets up by almost 10%. (Returns were around 5.3% in Australian dollar terms due to a stronger Australian dollar). The main driver was significant further falls in inflation, particularly in the US and Europe where it is now finally nearing target levels, combined with some positive economic indicators and reasonable growth. With regard to the path of interest rates, by the end of the quarter, the market appeared to have shifted away from the 'higher for longer' thesis, to now expecting several rate cuts by the US Federal Reserve (Fed) in the months ahead. Interestingly, while technology stocks were responsible for the majority of the markets' gains through 2023, the fourth quarter rally was more broad-based, with most sectors lifted by the rising tide of optimism.

Emerging market equities also rose very strongly, though underperformed developed markets largely due to falling Chinese shares amid continued growth concerns, deflation and lacklustre manufacturing readings. Further Chinese government stimulus remains likely. South American markets meanwhile were particularly strong, with central banks in the region more dovish than their developed peers

Outlook

Interest rates around the world are largely accepted as being at their cyclical peak, on the back of significantly decreased levels of inflation. Economic growth remains low, but generally positive. The corporate environment remains tough, though strong businesses, as always, will likely move forward with increased market dominance.

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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