

Specialist Australian Share

Quarterly Investment Option Update

31 December 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 Total Return 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. Any currency exposure will be hedged back to Australian dollar using derivatives, and they may also be used to gain equity market exposure. 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

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	7 years
Standard Risk Measure	7/Very High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
Global Shares	11.86
Australian Shares	81.22
Property	5.08
Cash	1.84
Fixed Income	0.00

Sector Allocation	%
Financials	27.97
Materials	21.52
Health Care	10.27
Consumer Discretionary	7.24
Industrials	6.49
Energy	5.49
Information Technology	5.18
Communication Services	4.79
Real Estate	4.27
Consumer Staples	3.68
Cash	1.84
Utilities	1.27

Top Holdings	%
BHP Group Ltd	7.10
Commonwealth Bank of Australia	5.07
CSL Ltd	4.89
Australia & New Zealand Banking Group Ltd	3.29
Woodside Energy Group Ltd	3.15
Westpac Banking Corp	2.68
National Australia Bank Ltd	2.54
Newmont Corp	2.14
QBE Insurance Group Ltd	2.05
Macquarie Group Ltd	1.93

Fund Performance

The Fund produced a strong return for the quarter, though underperformed its benchmark. Our underlying managers produced some solid absolute returns, though most underperformed the benchmark. The Fund continues to outperform its benchmark over the longer-term, including 5 years and since inception (all returns before fees).

Of the underlying stocks held in our portfolio, strong absolute performers included National Australia Bank and Commonwealth Bank of Australia, which were both driven higher amid broader global optimism around the path of interest rates, as well as BHP, which rose strongly towards quarter-end, on the back of climbing iron ore prices.

Being underweight Whitehaven Coal detracted from the relative return towards year-end, as the mining company's shares rose strongly on the back of the announcement it would acquire metallurgical coal mines Daunia and Blackwater from BHP and Mitsubishi Alliance in a deal worth A\$5 billion.

Market Review

Driven by a surge in global equities on the back of normalising inflation levels in Europe and the US, Australian shares finished the December quarter up by 8.4%, as measured by the ASX200 total return index. Market sentiment took a pronounced positive turn mid-quarter, as Australian equities began to price in a global soft-landing scenario, along with expectations for falling global interest rates in the coming months. This was despite continued weak domestic economic indicators, such as low levels of disposable income, poor consumer confidence, negative economic growth per-capita and moderately rising unemployment.

Outlook

Corporate earnings in Australia remain reasonable, though should be considered in real terms, given ongoing inflation. Businesses remain focussed on cost pressures, which are generally being passed onto customers. While the economic climate remains difficult, the stability of Australian earnings and dividends over the long-term, and their ability to generate a growing, tax effective income stream should 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.

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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