

Future Directions Australian Share (Original Series)

Quarterly Investment Option Update

31 March 2024

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	12.80
Australian Shares	80.83
Property	5.16
Cash	1.21
Fixed Income	0.00

Sector Allocation	%
Financials	29.35
Materials	19.54
Health Care	9.94
Consumer Discretionary	8.86
Industrials	6.00
Information Technology	5.81
Energy	5.58
Real Estate	4.70
Communication Services	4.37
Consumer Staples	2.98
Utilities	1.64
Cash	1.21

Top Holdings	%
BHP Group Ltd	5.49
Commonwealth Bank of Australia	5.00
CSL Ltd	4.47
Woodside Energy Group Ltd	3.34
Australia & New Zealand Banking Group Ltd	3.34
Westpac Banking Corp	2.74
National Australia Bank Ltd	2.59
QBE Insurance Group Ltd	2.50
Macquarie Group Ltd	2.09
HUB24 Ltd	1.93

Fund Performance

The Fund produced a strong absolute return for the quarter and outperformed its benchmark, with all underlying managers producing returns above their respective benchmarks. The Fund continues to outperform its benchmark over the longer-term, including 3 years, 5 years and since inception (all returns before fees).

Stock selection contributed positively over the quarter, particularly in the financials sector. Asset allocation also contributed positively via a modest overweight to information technology and a small underweight to materials.

An overweight holding in resource company Alumina was the largest individual stock contributor to the relative return. Alumina shares surged higher over the period (+57%), helped by an announcement earlier in the quarter it would wind down production at its Kwinana Alumina Refinery in Western Australia in order to cut costs, then further driven by a US\$2.2 billion takeover bid from US aluminium producer Alcoa mid-quarter, which was subsequently finalised in March. Other significant individual contributors for the quarter included overweight holdings in investment manager GQG Partners and QBE Insurance Group.

An underweight holding in Goodman Group, the largest real estate investment trust (REIT) in Australia, was the largest detractor from the relative return. Goodman Shares rose strongly over the period (+34%), driven by its inclusion into the FTSE EPRA NAREIT Index. Other deductions for the quarter came from being underweight in Commonwealth Bank, as well as an overweight holding in Newmont Mining.

Market Review

Australian shares reached new highs in the March quarter, closing the period up by 5.3% as measured by the ASX200 total return index. Optimism from international markets drove positive sentiment, particularly the US, where economic growth remained positive and inflation fell further. The February Australian corporate reporting season meanwhile was generally somewhat favourable relative to expectations, with more upside earnings surprises than downside. Key themes included resilient earnings, a continued focus on cost management and cautiously positive outlook statements based on improving economic outlooks. The Australian economy meanwhile continued to show modest GDP growth, albeit falling on a per capita basis due to high levels of immigration. Consumer sentiment remained weak, though employment figures showed signs of improvement.

Outlook

Corporate earnings in Australia, while still struggling in some areas, have generally shown resilience. Businesses remain focussed on cost pressures, though there are signs the cost-cutting cycle may have peaked. While the low-growth economic environment 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 higher returns.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0015AU**

**Closed to new and existing investors

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