

Specialist Australian Share

Quarterly Investment Option Update

30 June 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	11.25
Australian Shares	83.43
Property	4.59
Cash	0.73

Sector Allocation	%
Financials	28.26
Materials	21.81
Health Care	9.67
Consumer Discretionary	7.91
Industrials	6.16
Information Technology	5.73
Energy	5.15
Communication Services	5.01
Real Estate	4.39
Consumer Staples	3.57
Utilities	1.60
Cash	0.73

Top Holdings	%
BHP Group Ltd	5.35
Commonwealth Bank of Australia	4.75
CSL Ltd	4.44
Australia & New Zealand Banking Group Ltd	3.24
Woodside Energy Group Ltd	3.05
Westpac Banking Corp	2.77
National Australia Bank Ltd	2.66
Macquarie Group Ltd	2.12
Newmont Corp	2.10
Alumina Ltd	2.04

Fund Performance

The Investment Option produced a negative return for the June quarter and outperformed its benchmark. Over the full financial year meanwhile, it produced a strong double-digit return and outperformed the benchmark. The Investment Option continues to outperform its benchmark over the longer-term, including 3 years, 5 years and since inception (all returns before fees).

Over the quarter, our underlying managers were hampered by tough market conditions, mostly producing negative absolute returns amid a pullback in Australian shares over the period. Regal was the standout performer, while ECP was the main laggard. Stock selection contributed positively over the quarter, as did asset allocation, particularly via an underweight exposure to the real estate sector which fell over the period.

An overweight in investment manager GQG Partners was the largest individual stock contributor to the relative return. The company's shares steadily climbed over the period (+28%), buoyed by increasing funds under management as well as their fund performance. Other significant individual contributors for the quarter included overweight holdings in materials companies, Newmont Mining and Alumina.

A modest overweight position in apparel retailer Cettire was the largest individual stock detractor from the relative return. The company's shares began the quarter dropping lower on the back of a broker downgrade, before plunging heavily later in the period due to an earnings downgrade, with margins being impacted by competitor discounting. (-71%.) Other significant detractors for the quarter came from overweight positions held in financial conglomerate Block and biotechnology company Opthea.

Market Review

Australian shares pulled back by around 1.1% in the June quarter as measured by the ASX200 total return index, underperforming their international counterparts, which generally rose strongly. A rising degree of pessimistic sentiment around the domestic economy impacted the market, as did the materials sector, which pulled back on lower, though stabilising iron ore prices. Higher than expected monthly inflation data also weighed, particularly given Australian households' greater sensitivity to interest rate changes. Amid ongoing speculation on whether a further rate rise will be required from the RBA, utilities were the top performing sector for the period. Financials also produced a solid return, though most other sectors were negative.

Outlook

Corporate earnings in Australia, while still struggling in some areas, have generally shown resilience. Businesses meanwhile remain focussed on containing costs. 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)	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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