

Future Directions Emerging Markets

Quarterly Investment Option Update

30 September 2024

Aim and Strategy

To provide high returns over the long term, while accepting a higher level of volatility, through a diversified portfolio of international shares, focusing on emerging markets. The objective is to provide a total return, after costs and before tax, higher than the return from the MSCI Emerging Markets (ex Tobacco) Net Return Index (AUD) on a rolling 3 to 5 years basis.

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	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Global shares	100
Cash	0

Actual Allocation	%
Global Shares	94.37
Cash	5.63

Sector Allocation	%
Financials	22.29
Information Technology	20.73
Consumer Discretionary	13.74
Communication Services	9.12
Cash	5.63
Industrials	5.24
Materials	5.14
Consumer Staples	5.01
Energy	4.05
Real Estate	3.51
Health Care	3.10
Utilities	2.45

Top Holdings	%
TSMC	9.49
Tencent Holdings Ltd	6.16
Samsung Electronics Co Ltd	3.14
Meituan	3.03
Alibaba Group Holding Ltd	1.64
Bank Mandiri Persero Tbk PT	1.48
Trip.com Group Ltd	1.42
Reliance Industries Ltd	1.32
Xiaomi Corp	1.16
Mahindra & Mahindra Ltd	1.16

Region Allocation	%
Emerging Asia	70.85
Latin America	9.70
Middle East & Africa	7.64
Cash	5.63
Developed Asia x Aus x Jpn	1.71
North America	1.48
Europe ex UK	1.41
Emerging Europe	1.25
United Kingdom	0.31

Fund Performance

The Investment Option posted a positive return whilst underperforming the benchmark in the September quarter. The underlying managers gained ground, however both underperformed the benchmark to give up some of the strong relative returns earlier in the year. Over 1 and 2 years, double-digit returns were generated for investors, whilst over the long-term performance remains positive overall.

Over the quarter, country allocation added value overall, mainly due to the overweight position in China and the underweight in India, which more than offset the deduction from the overweight exposure to Mexico and the cash position (as markets rose strongly).

From a sector perspective, stock selection detracted from returns, primarily due to active positioning in IT, consumer discretionary and energy, whilst stocks held within financials boosted relative performance. Elsewhere, sector allocation detracted somewhat, mainly due to the underweight exposure in financials and overweight to IT which saw softness in general on the back of profit-taking, whereas the overweight position in real estate and underweight exposure in materials contributed the most.

At an individual stock level, the largest contributors for the period were the overweight positions in Meituan, CIMB Group Holdings and Xiaomi Corp. Shares in Chinese online food delivery company Meituan (+50%) soared after investors welcomed the news of the Chinese government's package to support for the economy, which lent further support to the stock price after it released its latest quarterly results which outperformed previous estimates and unveiled a shareholder buyback. Malaysian-based ASEAN investment bank CIMB Group Holdings (+35%) rose strongly after announcing results showing a significant uplift in net profit and improving asset quality. Shares in Chinese consumer electronics and smart device manufacturing company Xiaomi Corp (+32%) was buoyed alongside other Chinese growth-sensitive companies following the government's announced stimulus during September.

Significant detractors for the quarter included the underweight exposure to Alibaba Group Holding and the overweight positions in Kia Corp and MediaTek. Shares in Chinese-based e-commerce company Alibaba Group Holding (+51%) climbed as part of a broader rally in China's stock market on the back of the government stimulus announced. South Korean-based global carmaker Kia Corp (-22%) fell alongside other Korean auto stocks amid fears a recession could impact car sales. Shares in Taiwan-based fabless semiconductor company MediaTek (-16%) suffered as some investors took the opportunity to take profits amid concerns that future earnings may be compromised by the ongoing weakness in low-end smartphone sales.

Market Review

International shares gained further ground in the September quarter, with markets generally sticking to their economic 'soft landing' thesis (i.e. falling interest rates combined with positive economic growth), which has so far proven to be accurate. Indicators of a possible recession in the US and other developed economies however remain. Major developed markets rose by around 4.6%, in local currency terms, although a more modest positive return was recorded in Australian dollar terms (as the Australian dollar strengthened). US shares saw record highs, aided by performance in the utilities and real estate sectors which outpaced the falls in the energy sector. Eurozone shares meanwhile underperformed on a relative basis, amid lacklustre economic growth in countries such as Germany, as well as Eurozone shares having a lower overall weighting to the booming technology sector. Emerging market shares were strong, returning around 6.6% and outperforming developed market peers on the back of policy easing in China and the US. Chinese shares surged in late September on news of further significant government stimulus, underpinning emerging Asia which was the best performing region overall, whereas Latin America fell and was the worst performing, despite the positive ground made by Brazil. (All returns are quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

Interest rates have begun falling in a number of regions on the back of significantly decreased levels of inflation and low economic growth. 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)	AMP1117AU**
Flexible Lifetime - Investments (Series 2)	AMP1414AU**

**Closed to new and existing investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



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