

Specialist Hedged International Share

Quarterly Investment Option Update

30 September 2024

Aim and Strategy

The strategy aims to provide total returns (income and capital growth) after investment fees and before tax, above the MSCI World (ex-Australia, ex-tobacco) Accumulation Index with net dividends reinvested (100% hedged to Australian dollars) on a rolling 3-year basis. It uses a multi-manager approach that offers investors with exposure to different underlying investment strategies focused on international shares (excluding Australia). In certain market conditions, the portfolio may hold a higher level of cash than the 10% limit. Note: A currency hedged strategy attempts to reduce the impact of movements in the Australian dollar, relative to other currencies where the portfolio holds exposure, to smooth net performance.

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	98.14
Cash	1.86

Sector Allocation	%
Financials	20.56
Information Technology	19.23
Health Care	12.50
Industrials	10.50
Communication Services	9.45
Consumer Discretionary	7.26
Energy	5.79
Utilities	4.07
Consumer Staples	3.95
Cash	2.90
Materials	2.37
Real Estate	1.18
Futures	0.24
Others	0.00

Top Holdings	%
Microsoft Corp	4.02
NVIDIA Corp	3.37
Meta Platforms Inc	3.13
APPLE INC	2.35
UnitedHealth Group Inc	2.14
Eli Lilly & Co	1.84
Novo Nordisk A/S	1.68
Amazon.com Inc	1.65
Alphabet Inc	1.61
QXO Inc	1.21

Region Allocation	%
North America	66.09
Europe ex UK	12.65
Asia ex Japan	7.36
United Kingdom	5.25
Japan	4.69
Cash	2.90
Others	1.06
Australasia	0.00

Fund Performance

The Investment Option gained ground however it underperformed its benchmark during the September quarter. Four of the five underlying managers generated positive returns, with Orbis also outperforming its benchmark whereas GQG was the main laggard. Over the medium to long-term performance remains strong overall, with double digit returns notably being delivered over 1, 2 and 3 years and positive returns over 5 years and since inception.

At a country level, active allocation detracted some value overall, with the main contributions from Chinese and Indonesian holdings and an overweight exposure to Spain being outweighed by the deduction from the Investment Option's holdings in Brazil and India and an overweight position in Denmark, which detracted the most. Sector allocation also held back the Investment Option returns, primarily due to the overweight position in energy and underweight exposure to real estate, whereas the overweight position in financials contributed the most. Stock selection was the major detractor overall from Investment Option returns, with holdings in health care, financials and IT the main detractors at a sector level. These positions more than offset the contributions from stock positioning in communication services and industrials which were the main contributors.

From an individual stock perspective, significant contributors during the period included overweight positions in QXO, AppLovin Corp and Corpay. Shares in US-based QXO, which provides IT solutions to the building products distribution industry, found support on optimism that the track record of high-profile founder Brad Jacobs would lead to favourable acquisitions to underpin future revenue for the newly-formed company. Online marketing software provider AppLovin Corp soared further after releasing robust results, with future growth also expected to continue on the back of data and algorithm enhancements. Shares in US-based global company Corpay, which provides fuel card and payment products for businesses, were buoyed by its latest quarterly result which again surpassed market expectations for earnings.

Significant detractors during the period at a stock level included and being overweight Novo Nordisk and Samsung Electronics and an underweight to Tesla. Shares in Danish-based global pharmaceutical company Novo Nordisk suffered after the company announced sales of their major weight-loss drug as well as a diabetes treatment were lower than expected. South Korean-based global appliance and consumer electronics manufacturer Samsung Electronics saw continued demand for its memory chips however the share price came under pressure as demand for its smartphones softened and as cost increases for major components impacted profitability. Shares in US-based electric vehicle and energy storage company Tesla rose late in the period after receiving analyst support for the prospects of the company's Dojo supercomputer amid continued market optimism around artificial intelligence.

The hedged exposure to the Australian dollar had a positive impact on returns, primarily due to the currency's appreciation compared to the US dollar over the period.

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. Chinese shares meanwhile surged in late September on news of further significant government stimulus. Finally, 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. (All returns are quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

The overall macro environment for global shares looks reasonable, with interest rates now falling in most regions on the back of significantly decreased levels of inflation and low, but still-positive economic growth. Of course, geopolitical and some valuation-related risk exists, which may result in some shorter-term volatility, however these factors could also surprise on the positive side. Regardless, for longer-term investors, 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)	AMP1006AU**
Flexible Lifetime - Investments (Series 2)	AMP1418AU**

**Closed to new and existing investors

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