



# Future Directions Emerging Markets

Quarterly Investment Option Update

31 December 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](http://www.amp.com.au/performance)

## Investment Option Overview

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

<b>Asset Allocation</b>	<b>Benchmark (%)</b>	<b>Actual (%)</b>
Global Shares	100	98
Cash	0	2

\*Allocation data may not add to 100% due to rounding.

<b>Sector Allocation</b>	<b>%</b>
Information Technology	24.01
Financials	23.13
Consumer Discretionary	13.50
Communication Services	9.15
Industrials	5.29
Materials	5.09
Consumer Staples	4.90
Real Estate	4.37
Energy	3.70
Health Care	2.95
Utilities	2.33
Cash	1.59

<b>Top Holdings</b>	<b>%</b>
TSMC	11.11
Tencent Holdings Ltd	6.16
Meituan	2.76
Samsung Electronics Co Ltd	2.14
Xiaomi Corp	1.93
Trip.com Group Ltd	1.75
Emaar Properties PJSC	1.67
MediaTek Inc	1.44
Alibaba Group Holding Ltd	1.37
China Construction Bank Corp	1.29

<b>Region Allocation</b>	<b>%</b>
Emerging Asia	73.88
Latin America	9.34
Middle East & Africa	8.78
Developed Asia x Aus x Jpn	1.80
Cash	1.59
North America	1.50
Emerging Europe	1.39
Europe ex UK	1.35
United Kingdom	0.35

---

## Fund Performance

The Investment Option posted a positive return and significantly outperformed the benchmark in the December quarter. The underlying managers each delivered stellar performance. Led by Ninety One, all outperformed the benchmark and bounced back after a weaker September quarter in terms of relative returns. 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 detracted overall, mainly due to the cash position (as markets rose) and the overweight position in Brazil, which more than offset the value added by the overweight exposure to the UAE which was the primary contributor. From a sector perspective, stock selection was the key driver of relative returns with the active positions in most sectors contributing. Most value was added in IT, consumer discretionary and real estate, whilst stocks held within financials were the main detractor from performance. Elsewhere, sector allocation also contributed somewhat, mainly due to the underweight exposure in materials whereas an overweight to consumer discretionary detracted the most.

At an individual stock level, the largest contributors for the period were the overweight positions in Emaar Properties, Xiaomi Corp and Pop Mart International Group. Shares in UAE property developer Emaar Properties (+65%) rose strongly after the company announced robust results and a bumper dividend for shareholders. Chinese electronics business Xiaomi Corp (+72%) gained investor support after the company confirmed strong sales results for its key products. Shares in Chinese collectable toy company Pop Mart (+89%) soared after releasing its latest results which saw revenue growth continue to go from strength to strength on the back of its 'Monsters' collection which includes the iconic Labubu.

Significant detractors for the quarter included overweight positions in Bank Mandiri Persero and KGHM Polska Miedz and an underweight exposure to ICBC. Shares in Indonesian Bank Mandiri Persero (-13%) suffered amid concerns around tightening liquidity conditions in the country. Polish copper and silver miner KGHM Polska Miedz (-25%) fell after announcing results which were impacted by lower silver production and unfavourable currency movements (versus the US dollar) which hampered revenues. Shares in Chinese commercial bank ICBC (+25%), which is the world's largest bank by total assets, benefitted from a series of policy measures which may help bolster the bank's asset quality.

## Market Review

International shares rose further in the December quarter, ending the period up by around 2.0% in local currency terms. In Australian dollar terms however the return was much greater, at 12.1%, as the domestic currency fell significantly over the period amid evolving interest rate expectations. Notably, RBA commentary became more dovish, particularly relative to overseas central banks such as the US Fed, where rate expectations for aggressive cuts through 2025 were tempered. Gains in sharemarkets were mostly seen mid-quarter, as markets jumped on the back of the US election results, with traders factoring in expectations of higher growth, lower taxes and further deregulation from the new administration. Further rate cuts around the world also aided the market optimism. Whilst gaining ground in Australian dollar terms, emerging markets meanwhile pulled back by around 4.4% over the period, driven primarily by the threat of tariffs being placed on exports to the US by the incoming administration. Of the major emerging markets, Chinese shares were the standout performer, whilst geopolitical issues placed pressure on shares in South Korea and budgetary issues caused Brazilian shares to fall. (All returns quoted are 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)	AMP1117AU**
Flexible Lifetime - Investments (Series 2)	AMP1414AU**

\*\*Closed to new and existing investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



### What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying investment manager only and not necessarily the views of AMP Limited ABN 49 079 354 519 (AMP Group). No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super) or ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement (PDS) for the relevant product, available from the issuer or your financial planner.

Any advice in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in. The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.

For notices and disclaimers related to the MSCI Benchmarks within this document, please refer to [www.msci.com/notice-and-disclaimer](http://www.msci.com/notice-and-disclaimer)