

Specialist Australian Share

Quarterly Investment Option Update

31 December 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	12.33
Australian Shares	80.45
Property	5.37
Cash	1.85

Sector Allocation	%
Financials	26.12
Materials	20.81
Health Care	10.75
Consumer Discretionary	8.78
Industrials	6.81
Information Technology	6.47
Communication Services	5.09
Real Estate	4.85
Energy	4.66
Consumer Staples	3.65
Cash	1.85
Utilities	0.15
Futures	-0.01

Top Holdings	%
Commonwealth Bank of Australia	5.22
BHP Group Ltd	4.59
CSL Ltd	3.92
Woodside Energy Group Ltd	2.93
Australia & New Zealand Banking Group Ltd	2.76
Westpac Banking Corp	2.51
Macquarie Group Ltd	2.34
National Australia Bank Ltd	2.22
TELSTRA GROUP LTD	1.98
QBE Insurance Group Ltd	1.88

Fund Performance

The Investment Option produced a small negative return for the quarter and underperformed its benchmark. Stepping back to a one-year timeframe however, both absolute and relative performance was very strong.

Underlying manager performance struggled over the quarter, with Allan Gray, ECP and Regal all being below benchmark. Stock selection contributed negatively, particularly within the consumer discretionary sector. Asset allocation also detracted from performance, with an underweight to financials impacting returns, as the sector performed strongly over the three months.

An overweight holding in financial services & digital payments company, Block Inc, was a significant individual contributor to the relative return. The company's shares rose strongly over the quarter (+46%), aided by some bullish broker-notes after a positive earnings report. Being underweight on resources giant, BHP, also aided the relative return, as the stock experienced a pull-back (-14%) over the period.

An underweight exposure to Commonwealth Bank was a significant individual detractor from the relative return, as the bank's shares rose (+13%) amid a strong run from the broader financial sector (both domestically and overseas), particularly in the days immediately following the US election results. Other significant detractions to the relative return for the quarter came from overweight positions in resource company, Newmont (-23%) and an underweight holding in medical development company, Pro Medicus (+40%).

Market Review

Australian shares closed the December quarter down by 0.8%, as measured by the ASX200 total return index, lagging international counterparts. Market sentiment oscillated throughout the period, with shares initially pulling back in October driven by a weak global lead and falls in key commodities, before rising strongly in November on the back of the US election results, then retreating again in December amid continued weak economic growth and sticky domestic inflation. Materials and real estate were the weakest performing sectors, while financials and industrials outperformed. The Australian economy has been somewhat behind the ball relative to many developed peers, with interest rates having not been cut in 2024 due to comparatively higher underlying inflation and despite lacklustre GDP growth - particularly on a per capita basis. Signs inflation is finally approaching target levels however are now emerging.

Outlook

Corporate earnings in Australia, while still struggling in some areas, have generally shown resilience, though forward looking earnings expectations have fallen slightly in recent months. Generally, containing costs remains a priority over more aggressive targeting of top line growth. 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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