

# Specialist Hedged International Share

Quarterly Investment Option Update

31 March 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](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>
Global shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
Global Shares	99.67
Cash	0.33

<b>Sector Allocation</b>	<b>%</b>
Information Technology	26.09
Financials	20.90
Industrials	10.52
Consumer Discretionary	9.81
Health Care	9.43
Communication Services	7.62
Energy	6.27
Utilities	2.36
Consumer Staples	2.14
Materials	2.08
Cash	1.53
Real Estate	1.00
Futures	0.23
Others	0.00

<b>Top Holdings</b>	<b>%</b>
Microsoft Corp	4.95
NVIDIA Corp	4.02
Meta Platforms Inc	3.20
APPLE INC	2.42
Amazon.com Inc	2.40
Novo Nordisk A/S	2.13
Eli Lilly & Co	1.65
Alphabet Inc	1.45
Visa Inc	1.30
UnitedHealth Group Inc	1.19

Region Allocation	%
North America	66.07
Europe ex UK	14.38
Japan	6.57
Asia ex Japan	5.93
United Kingdom	4.10
Cash	1.53
Others	1.40
Australasia	0.01

## Fund Performance

The Fund gained significant ground and outperformed its benchmark during the March quarter. All of the Fund's five underlying managers performed well to outperform their benchmarks, led by GQG, American Century and Vinva. Over the medium to long-term, Fund performance remains positive overall for 3 years, 5 years, and since inception, while continuing to outperform its benchmark thus far during the 2023/24 financial year.

At a country level, active allocation was slightly negative overall, with contributions from South Korean holdings and an underweight exposure to Switzerland being outweighed by the Fund's holdings in Brazil and an overweight position in the UK. Stock selection was the primary contributor to Fund returns, with holdings in IT, financials and health care adding most value to more than offset stock positioning in energy and industrials. Sector allocation also enhanced returns, with the underweight positions in consumer staples and real estate contributing most, whereas the Fund's cash holding was the primary detractor as markets rose strongly.

From an individual stock perspective, significant contributors during the period included an overweight position in NVIDIA Corp and underweight exposures to Tesla and Apple. Shares in AI and gaming software company Nvidia continued to soar after being buoyed by the release of its latest results which included record quarterly and full-year revenue. Shares in US-based electric vehicle and energy storage company Tesla fell after it announced earnings for the December quarter which disappointed investors. US-based technology company Apple suffered as the company continues to face demand concerns for its iPhones in China, amid aggressive competition from locally-based operators, such as Huawei.

Significant detractors during the period at a stock level included overweight holdings in GXO Logistics, Intel and UnitedHealth Group. US-based logistics company GXO Logistics suffered alongside other freight operators as oil prices rose sharply and uncertainty surrounding when rates may fall weighed. Shares in US-based computer technology company Intel fell after the release of its latest results which saw the market react negatively to disappointing sales data. US-based health conglomerate UnitedHealth Group came under pressure after news broke that the Justice Department had initiated an antitrust investigation into its acquisitions and as an outage following a cyber attack impacted during the period.

The hedged exposure to the Australian dollar had a negative impact on returns, primarily due to the currency's depreciation compared to the US dollar and most major currencies over the period.

## Market Review

The March quarter was another outstanding period for global shares, with many indices seeing new highs as major developed markets rose by over 10% in local currency terms. (Over 14% in Australian dollar terms, as the Australian dollar weakened). 'Goldilocks' like market conditions prevailed, particularly in the US, as traders bet on inflation continuing to fall and any near-term recessionary conditions to be mild. Oscillating sentiment around the path of US interest rates appeared to have little to no impact on global share markets, which rose steadily and despite significantly less rate cuts being priced in at quarter-end relative to the end of 2023. Interestingly, stock gains on a sector basis were more broadly based than recent prior quarters, where IT stocks have dominated. Emerging market shares also rose strongly, returning around 4.5% for the period, though significantly underperformed developed markets on the back of continued Chinese economic growth concerns. (All returns quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

Interest rates have begun falling in some countries on the back of significantly decreased levels of inflation and low economic growth, particularly outside of the US. 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.

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## 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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