



AMP International Share Enhanced Index

Quarterly Investment Option Update

31 December 2024

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, higher than the return from the benchmark on a rolling 12-month basis. The portfolio invests in international shares and partially replicates the MSCI World (ex-Australia) (ex Tobacco) Index. Some of the portfolio's underlying managers may use short selling with the aim of implementing the investment objectives. The investment option may be geared, but in normal circumstances, the investment option will be no more than 100% exposed to international share market movements, after taking into account derivative positions. In normal circumstances, the investment option is unhedged to Australian dollars.

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	Enhanced Index
Manager style	Multi-manager

Actual Allocation	%
Global Shares	96.49
Australian Shares	0.09
Property	1.79
Cash	1.63

Sector Allocation	%
Information Technology	25.12
Financials	17.83
Health Care	10.88
Consumer Discretionary	10.46
Industrials	10.36
Communication Services	8.19
Consumer Staples	5.23
Energy	3.73
Materials	2.66
Utilities	2.21
Real Estate	1.77
Cash	1.63
Futures	-0.06

Top Holdings	%
NVIDIA Corp	4.91
APPLE INC	4.07
Microsoft Corp	4.01
Alphabet Inc	2.89
Amazon.com Inc	2.88
Meta Platforms Inc	2.15
Henderson Global Investors Ltd	1.92
Tesla Inc	1.53
Broadcom Inc	1.49
Eli Lilly & Co	1.08

Region Allocation	%
North America	76.87
Europe ex UK	11.59
Japan	5.57
United Kingdom	3.43
Cash	1.63
Asia ex Japan	0.89
Australasia	0.02

Fund Performance

This Investment Option is invested via three portfolios, managed by AQR Capital Management (AQR), Intech and Janus Henderson. Each is a low-tracking risk portfolio relative to the benchmark index, constructed using different approaches. These approaches are typically focused on identifying opportunities to add value relative to the benchmark, through risk-controlled, systematic processes. The three approaches employed are: factor signals, volatility capture and multi-strategy.

The Investment Option posted a strong absolute return and outperformed its benchmark over the quarter (before fees). All three underlying managers outperformed the benchmark. Stepping back to a one-year timeframe, absolute performance was extremely strong.

Intech's relative volatility capture portfolio outperformed its benchmark. This portfolio tends to overweight to small cap stocks due to their volatility they tend to provide more value capture opportunities. Over the quarter, an overweight to communication services and favourable stock selection in information technology both aided the outperformance.

AQR's factor signals portfolio outperformed its benchmark. Stock selection added value, particularly in October and December, and in US stocks.

The allocation to Janus Henderson meanwhile also outperformed its benchmark. 'Event driven' and 'price pressure' strategies were key positive contributors, as these strategies benefitted from increased equity capital market activities. The manager expects this to continue, supported by private equity's need to recycle their capital, a more supportive regulatory backdrop for M&A activity and a more stable interest rate environment.

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 negative 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)	AMP0994AU**
Flexible Lifetime - Investments (Series 2)	AMP1396AU**

**Closed to new and existing investors

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