

# Specialist Hedged International 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 costs 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 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

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	105
Cash	0	-5

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

Sector Allocation	%
Information Technology	25.14
Financials	22.48
Communication Services	11.87
Health Care	10.91
Industrials	10.53
Consumer Discretionary	8.87
Energy	5.11
Utilities	3.08
Consumer Staples	2.60
Materials	2.06
Real Estate	0.79
Others	0.00
Futures	-0.01
Cash	-3.42

Top Holdings	%
NVIDIA Corp	4.82
Microsoft Corp	4.67
Meta Platforms Inc	3.38
APPLE INC	2.87
Amazon.com Inc	2.57
Alphabet Inc	2.46
UnitedHealth Group Inc	1.90
Eli Lilly & Co	1.60
AppLovin Corp	1.47
Netflix Inc	1.38

Region Allocation	%
North America	73.48
Europe ex UK	11.76
Asia ex Japan	7.83
United Kingdom	4.88
Japan	4.54
Others	0.93
Australasia	0.00
Cash	-3.42

## Fund Performance

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

At a country level, active allocation detracted value overall, with the main contributions from Indian and Taiwanese holdings and an underweight exposure to Switzerland being outweighed by the detracted from the Investment Option's holdings in South Korea and overweight positions in Denmark and the UK, which detracted the most. Sector allocation added somewhat to Investment Option returns, primarily due to the overweight positions in financials and communication services and being underweight consumer staples, whereas underweight positions in consumer discretionary and IT were the main detractors. Stock selection was the main detractor overall from Investment Option returns, primarily due to holdings in financials, health care and consumer discretionary at a sector level. These positions more than offset the contributions from stock positioning in IT which was the main contributor.

From an individual stock perspective, significant contributors during the period included overweight positions in AppLovin Corp, Interactive Brokers Group and Netflix. Online marketing software provider AppLovin Corp soared after releasing its latest results which saw it deliver better than forecast revenue and demonstrated that its high profit growth trajectory continues to be sustainable. Shares in US-based low cost broker Interactive Brokers Group rose as the business benefitted from the uptick in trade volumes following the US election results. US-based video streaming company Netflix was buoyed following the company's reporting revenue that exceeded investor expectations on the back of solid growth in paying users.

Significant detractors during the period at a stock level included being underweight to Tesla and Apple and being overweight Novo Nordisk. Shares in US-based electric vehicle and energy storage company Tesla continued to ride the wave of investors' ongoing elevated interest in AI and as the market attempted to gauge how Tesla might benefit from Elon Musk's entry into politics. Danish-based global pharmaceutical company Novo Nordisk saw its share price slide further after results from its latest trial weight loss drug CagriSema were not as good as Novo had hoped for. Shares in US-based technology company Apple hit a new record high on optimism that sales for iPhones would be further boosted by introducing AI features.

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. *\*\*Please note that whilst the Investment Option's cash accounts were in positive at the end of the period, the negative cash allocation showing on this report reflects the impact of unrealised foreign exchange hedging losses that were due to significant currency movements during the period.*

## 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)	AMP1006AU**
Flexible Lifetime - Investments (Series 2)	AMP1418AU**

\*\*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



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