

# Specialist Hedged International Share

Quarterly Investment Option Update

31 March 2025

## 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	97
Cash	0	3

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

Sector Allocation	%
Financials	24.47
Information Technology	17.71
Industrials	11.75
Communication Services	11.02
Health Care	10.43
Consumer Discretionary	6.86
Energy	6.37
Utilities	3.80
Consumer Staples	2.90
Cash	2.70
Materials	2.27
Real Estate	0.73
Others	0.00
Futures	0.00
Currency Overlay	-0.99

Top Holdings	%
Microsoft Corp	3.44
NVIDIA Corp	2.68
APPLE INC	2.56
Meta Platforms Inc	2.30
Amazon.com Inc	1.74
Alphabet Inc	1.64
AT&T INC	1.33
Netflix Inc	1.13
QXO Inc	1.12
ICICI Bank Ltd	1.11

Region Allocation	%
North America	67.07
Europe ex UK	12.69
Asia ex Japan	7.84
United Kingdom	4.87
Japan	4.52
Cash	2.70
Others	1.29
Australasia	0.01
Currency Overlay	-0.99

## Fund Performance

The Investment Option marginally lost ground while comfortably outperforming its benchmark during the March quarter. There was significant divergence in the five underlying managers' returns, with Orbis and Arrowstreet generating positive returns, whereas American Century, Vinva and GQG lost ground. Pleasingly, all outperformed their benchmarks. Over the medium to long-term performance remains strong overall, with double digit returns notably being delivered on average over 5 years and positive returns over all time periods greater than 1 year.

At a country level, active allocation added value overall, with the main contributions from overweight positions in Spain and the UK compensating for the holdings in Taiwan and underweight exposure to Switzerland, which were the primary detractors from returns. Sector allocation also added value, primarily due to the overweight position in financials and being underweight IT and consumer discretionary, whereas being underweight consumer staples was the main detractor. Stock selection was the main contributor overall to returns, with holdings in communication services and financials the standout performers at a sector level. Stock positioning in IT was the main detractor.

From an individual stock perspective, significant contributors included being underweight to Tesla and Apple and being overweight Banco Santander. Shares in US-based electric vehicle and energy storage company Tesla fell sharply in the latter half of the period amid market concerns around Elon Musk's political involvement, slowing vehicle sales in China and Europe and the potential impact of Trump economic policies on the tech sector. US-based technology company Apple also suffered on the back of the tariff news and on research that showed the company's iPhone was losing market share in China. Shares in Spanish bank Banco Santander were buoyed after the company released strong quarterly earnings which exceeded market expectations and announced an improving earnings and capital outlook.

Significant detractors at a stock level included being overweight to TSMC, QXO and JPMorgan Chase. Despite continued healthy market share and business fundamentals, shares in Taiwanese semi-conductor maker Taiwan Semiconductor Manufacturing Co fell heavily along with other sector peers on escalating trade concerns. US-based QXO, which provides IT solutions to the building products distribution industry, came under pressure after reporting a loss in its latest quarter with revenue remaining flat compared to the corresponding period a year prior. Shares in the largest US Bank (by assets) JPMorgan Chase fell as increased economic uncertainty impacted.

The hedged exposure to the Australian dollar had a slightly positive impact on returns, primarily due to the currency's minor appreciation compared to the US dollar over the period.

## Market Review

International shares first rose, then pulled back towards the end of the March quarter, closing lower overall (-2.7% in local currency terms) for the period. While for much of the quarter markets remained stable, though towards the end of March concerns rose about potential impacts of tariffs from the Trump administration. European share markets, particularly Germany, were strong performers over the period on the back of Germany's announcement of significant infrastructure and military spending, on top of broader large-scale European military spending announcements. US shares meanwhile were the main laggard despite a strong corporate earnings season, with the tech sector experiencing weakness following the release of DeepSeek, an apparent cost-effective Chinese

artificial intelligence model, which in turn triggered more concern about expensive valuations in the sector. Value stocks generally did well compared to growth, a reversal of what was experienced through most of 2024. Emerging markets shares meanwhile outperformed their developed peers to rise by 2.7%, with a falling US dollar a tailwind, given most emerging markets' debt is held in US dollars. (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 is challenging in the short-term, given trade policy uncertainty. For the medium-term however, fundamentals remain reasonable, with interest rates now falling in most regions on the back of significantly decreased levels of inflation. Central banks also have scope to cut further if recession risks rise. 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

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