

Future Directions Emerging Markets

Quarterly Investment Option Update

30 June 2025

Aim and Strategy

To provide high returns over the long term, while accepting a higher level of volatility, through a diversified portfolio of international shares, focusing on emerging markets. The objective is to provide a total return, after costs and before tax, higher than the return from the MSCI Emerging Markets (ex Tobacco) Net Return Index (AUD) on a rolling 3 to 5 years basis.

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	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	98
Cash	0	2

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

Sector Allocation	%
Financials	23.98
Information Technology	22.96
Consumer Discretionary	12.26
Communication Services	10.44
Industrials	5.99
Materials	5.09
Consumer Staples	4.63
Real Estate	3.94
Energy	3.39
Health Care	2.58
Utilities	2.53
Cash	2.21

Top Holdings	%
TSMC	10.26
Tencent Holdings Ltd	5.69
Samsung Electronics Co Ltd	2.50
Xiaomi Corp	2.10
Alibaba Group Holding Ltd	2.04
SK Hynix Inc	2.02
HDFC Bank Ltd	1.64
Emaar Properties PJSC	1.53
HKEX	1.51
Meituan	1.38

Region Allocation	%
Emerging Asia	70.15
Latin America	9.52
Middle East & Africa	8.97
Developed Asia x Aus x Jpn	3.04
Emerging Europe	2.53
Cash	2.21
North America	2.00
Europe ex UK	1.45
United Kingdom	0.13

Fund Performance

The Investment Option posted a positive return and outperformed the benchmark in the June quarter. The three underlying managers all delivered healthy returns and exceeded the benchmark, led by Ninety One. Over the full financial year, high double-digit returns were achieved. Performance across the medium to longer term remains strong, with double-digit returns delivered on average over the past three years.

During the quarter, country allocation was a slight detractor from returns in the quarter, with the underweight exposures to the rallying Taiwanese and South Korean markets outweighing the value added by being underweight Saudi Arabia and overweight to Mexico. By country, stock selection in South Korea was a standout and added the most value, compensating for stock positioning in China, the UAE and Indonesia, which were the main detractors.

From a sector perspective, stock selection was the key driver of relative returns, with the active positions in financials, utilities and consumer discretionary the primary contributors. On the flipside, stocks held within health care were the main detractor. Elsewhere, sector allocation detracted overall, with the underweight to IT, overweight to real estate and the cash position having the main impact. Turning to individual stocks, the largest contributors for the period included the overweight positions in Pop Mart International Group, SK Square and SK Hynix. Shares in Chinese collectable toy company Pop Mart continued their upward trajectory as the Labubu doll maker experienced positive overseas demand. South Korean information and communications technology and semiconductor affiliated businesses SK Square and SK Hynix surged alongside other semiconductor stocks that were buoyed by the continued strong demand for AI infrastructure. In addition, the companies were boosted by improving confidence in SK Hynix's market leading position in high-bandwidth memory (HBM) chips.

Significant detractors for the quarter included overweight positions in Meituan and Trip.com Group and the nil position in Doosan Enerbility. Shares in China's largest online food delivery company Meituan suffered amid concerns about mounting competition in China, in addition to investors favouring companies that incorporate AI in their operation and pressure from the government for companies in the sector to reduce online fees. Chinese-based multinational online travel conglomerate Trip.com Group was weak after the company's latest quarterly results contained earnings that were lower than the company's previous forecast. Shares in South Korean heavy industrial company Doosan Enerbility surged after President Trump signed executive orders aimed at revitalising the US nuclear energy sector.

Market Review

International shares had a strong June quarter, closing the period up by 9.5% in local currency terms. (In Australian dollar terms the return was 5.9% as the Australian dollar strengthened against the US dollar.) This was despite pockets of market panic seen earlier in the quarter caused by the US administration's 'Liberation Day' tariff rate announcements, where double-digit falls were temporarily seen in many indices before markets steadily recovered to achieve new all-time highs by the end of June. The bullish sentiment was driven by trade talks between the US and partners such as Canada, Mexico, the EU and Japan, as well as optimism around US-China negotiations. Corporate earnings, particularly in the US, also remained robust, while growing expectations of lower interest rates from the Fed also helped. Emerging markets' shares produced robust returns (+7.9%), though slightly underperformed their developed peers amid trade deals tilting to be more favourable for the US, with higher tariffs significantly impacting emerging markets. That said, after coming under pressure early in the quarter, Chinese shares saw a reasonable recovery by June, buoyed by government intervention and increasing optimism around trade negotiations with the US (All returns quoted are in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

While shorter-term risks remain around trade policy uncertainty, geopolitical tension, and high valuations in some areas, fundamentals remain reasonable, with interest rates 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)	AMP1117AU**
Flexible Lifetime - Investments (Series 2)	AMP1414AU**

**Closed to new and existing investors

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