



Specialist Geared Australian Share

Quarterly Investment Option Update

30 June 2025

Aim and Strategy

The strategy aims to provide high returns over the long term through geared exposure to securities listed on the Australian Securities Exchange by using a multi-manager approach. The objective of the investment portfolio before gearing is applied is to provide a total return (income and capital growth) after investment fees and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3-year basis. The portfolio invests in a diversified portfolio of equities listed on the Australian Securities Exchange (ASX). The investment portfolio is geared, which allows it the ability to borrow in order to increase the amount that can be invested. The aim of gearing is to contribute more capital and to provide greater exposure to the Australian share market. Underlying managers are also permitted to purchase up to 5% in international listed securities, where those securities are also listed on the ASX. The strategy may also invest up to 10% in cash. However, in certain market conditions the strategy may hold higher levels of cash. Any currency exposure will be hedged back to Australian dollars using derivatives, and they may also be used to gain equity market exposure.

Investment Option Performance

To view the latest investment performances for this product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	7 years
Standard Risk Measure	7/Very High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
Australian Shares	81.43
Property	5.69
Global Shares	5.59
Cash	7.29

Sector Allocation	%
Financials	26.44
Materials	16.86
Health Care	9.81
Consumer Discretionary	8.56
Communication Services	8.55
Cash	7.29
Real Estate	6.23
Industrials	6.22
Information Technology	4.83
Energy	2.83
Consumer Staples	1.68
Utilities	0.71
Futures	0.00

Top Holdings	%
BHP Group Ltd	7.69
Commonwealth Bank of Australia	6.70
CSL Ltd	5.70
National Australia Bank Ltd	4.91
Macquarie Group Ltd	3.80
TELSTRA GROUP LTD	3.15
Aristocrat Leisure Ltd	2.96
Australia & New Zealand Banking Group Ltd	2.38
QBE Insurance Group Ltd	2.31
Rio Tinto Ltd	2.28

Fund Performance

The Investment Option produced a strong positive return for the June quarter, though underperformed the benchmark. Underlying managers, Vinva and Macquarie, both produced strong absolute returns and outperformed the benchmark. DNR meanwhile also produced a solid absolute performance, though underperformed the benchmark. The Investment Option's performance over longer-term time periods, meanwhile, remains robust.

The gearing strategy was the main driver of the underperformance. After reducing the Investment Option's gearing ratio leading up to the US tariff announcements in early April, this lower ratio was maintained during the subsequent rally (the gearing ratio has been around 1.5x, which is below the neutral level of 2.0x). From a macro perspective, President Trump's tariffs were a significant risk to markets. Further, from a fundamental perspective, negative earnings trends in the market were a concern, particularly when combined with the belief that the negative impacts from tariffs weren't yet priced in.

Stock selection contributed negatively, as did sector allocation. An underweight exposure to financials detracted from the relative return, as the sector outperformed over the quarter, led by Commonwealth Bank. Despite this, the Investment Option's holdings in the financial sector were major positive contributors to the absolute return. We remain comfortable with the underweight exposure to the sector, given some expensive looking valuations.

An overweight holding in Life360 (+62%), a leading family-tracking app, contributed significantly to the relative return, as the stock surged leading up to, and after an earnings update in May which showed strong financials, reflecting ongoing growth and increased earnings from its user base. Other significant contributions came from an overweight in global digital marketplace provider Car Group (+19%), which rose strongly amid broader technology sector optimism, as well as an overweight in logistics software provider WiseTech Global (+34%), which benefitted from this same broader sentiment, as well as optimism around its announced acquisition of E2Open, a leading supply chain management software provider.

Being underweight to Commonwealth Bank (+22%) continued to be a major detractor from the Investment Option's relative return, as the dominant Australian bank, along with many other financial companies, was driven higher over the period amid improved sentiment around US trade developments. We remain comfortable with this underweight exposure, given the bank's record-high valuation. Other significant detractions came from an overweight holding in global student-placement company IDP Education (-61%), which plunged in early June after the company downgraded its FY25 earnings guidance and flagged continued policy uncertainty impacting student placement volumes into the new financial year. An overweight in global wine distributor Treasury Wine Estates (-20%) also detracted, as the stock struggled over the period, impacted by volatile global trade sentiment and changed tariffs, despite solid earnings growth expectations.

Please note: At the end of the most recent financial year for the Investment Option (31 December 2024), the Investment Option's leverage ratio was 52.20%. At this time, the derivatives counterparties engaged (including capital protection providers if applicable) were Macquarie Bank Ltd, Goldman Sachs International, Morgan Stanley & Company International, Merrill Lynch International Ltd and Citigroup Global Markets Australia Pty Ltd.

Market Review

Australian shares were largely driven by international market movements in the June quarter, achieving a similar stellar return of 9.5%, as measured by the ASX200 total return index. This was despite significant falls earlier in the period due to fears sparked by the early April US tariff announcements. Over the following weeks however, markets steadily clawed back territory amid progressing global trade dialogue and resilient corporate earnings and economic growth, particularly in the US. Further, with Australian inflation now finally back within the RBA's target band, the central bank made another rate cut in May, while markets subsequently moved to price in several more cuts in 2025 against a backdrop of weak but still-positive domestic economic growth, all of which further boosted Australian shares. Regarding sector-specific returns, IT stocks were the top performers, riding the ongoing wave of global demand for AI and cloud-based solutions. Materials stocks meanwhile showed some weakness, not helped by ongoing Chinese economic issues.

Outlook

Despite the RBA having entered a rate cutting cycle, trepidation remains regarding the speed of domestic economic recovery, the ability of corporates to grow profitability over the near-term, and broader issues such as housing affordability, immigration and energy usage. While the overall economic climate remains difficult, stability of Australian earnings and dividends over the long-term, and their ability to generate a growing, tax effective income stream should be kept in mind. Over the long-term, we believe Australian shares will continue to rise, with bouts of volatility likely, as always, along the way.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0850AU**
Flexible Lifetime - Investments (Series 2)	AMP1416AU**
SignatureSuper	AMP0823AU
SignatureSuper - Allocated Pension	AMP1154AU
SignatureSuper - Term Pension	AMP1154AU*

*Closed to new investors

**Closed to new and existing investors

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