# AMP Overlay Fund

**March 2026**

## Background

The AMP Overlay Fund (the **Fund**) is specifically designed to provide a capital efficient method of accessing AMP Investments' Dynamic Asset Allocation overlay (AMPI DAA) in managed portfolios and managed funds.

The AMPI DAA overlay has been in place in AMP's actively-managed superannuation and managed funds since May 2023. In August 2025 the AMP Overlay Fund was launched and since that time it has been used by several of AMP Investment's managed funds, giving these funds access to the AMPI DAA overlay.

In December 2025 the AMPI Investment Committee approved updated Strategic Asset Allocations for the 25 Managed Portfolios managed by the AMPI investment team, which included allocations to the AMP Overlay Fund in the IndexPlus and Research Choice Managed Portfolio ranges.

In March 2026, the NMMT Limited Board approved the addition of the AMP Overlay Fund to the North 'scheme only' menu, making it available for use by any Managed Portfolio on North.

## How the AMP Overlay Fund invests

The Fund is managed to a long-term volatility target of 20% average daily annualised realised volatility, calculated using daily returns over the long term (**Volatility Target**), which offers capital efficiency while mitigating operational risk. For example, the Research Choice managed portfolios will target 0.5% of active risk from the overlay which requires a target capital allocation to the Fund of 2.5% of the portfolio. Because of the high standalone volatility of the Fund, it is not considered suitable as a standalone investment and is designed to be used in conjunction with a diversified multi-asset portfolio.

The Fund has a systematic investment process which implements trading signals using futures, FX forwards, swaps, and ETFs. Trading these instruments allows the Fund to implement position changes with great flexibility and low cost to exploit short-to-medium-term market opportunities and inefficiencies.

Examples of trading signals employed include the following:

- Multi-asset trend following equities, bonds and commodities
- Market structure-based signals in equities
- Valuation signals in equities and bonds
- Directional strategies for high yield credit, Bitcoin, and equity volatility
- Hybrid carry and momentum in FX

## Impact on a managed portfolio's 'growth' exposure

The Fund will likely be classified as a 'growth' asset in many reporting systems by virtue of it being classified as an 'alternative'. This is generally unavoidable as few such systems are able to look through into the actual holdings of the funds held in a managed portfolio.

This has the potential to overstate a managed portfolio's growth asset stance, as the Fund's exposures can be positive or negative in both equity and bond markets. It's quite possible that the Fund could hold a short position in equities accompanied by a long position in bonds, which would more properly be described as defensive.

## Governance

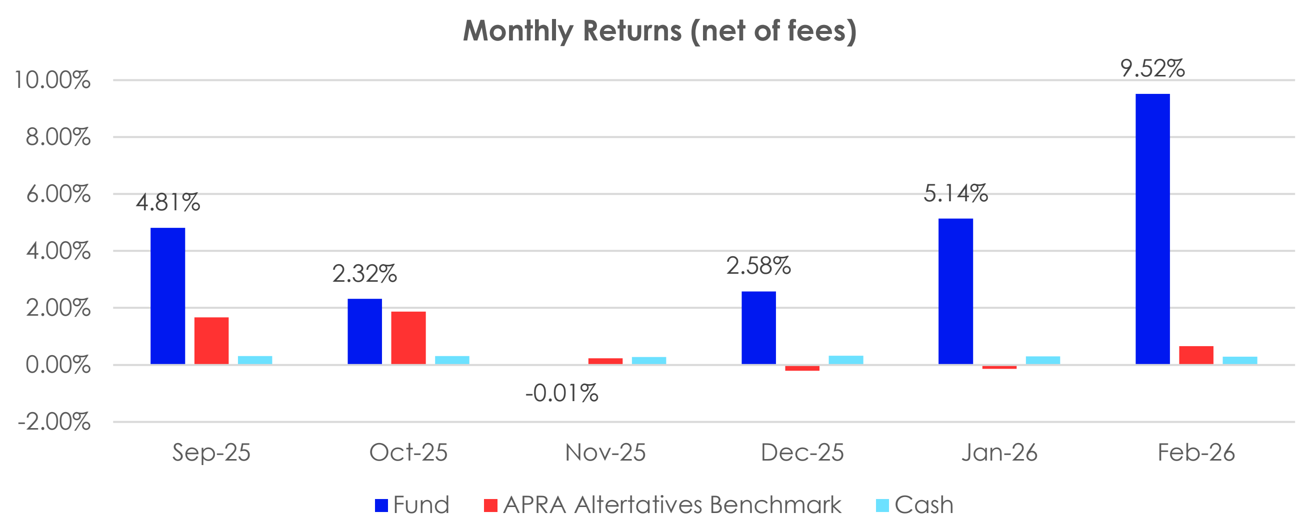
The trading signals within the overlay are research driven and are intended to capture behavioural, fundamental, and structural market behaviours to generate positive returns over time.

Research begins in the DAA Working Group which explores and tests trading ideas. A subset of these trading ideas progress to deeper analysis and eventually to a peer-reviewed research paper. AMPI's Investment Research and Innovation Committee (formerly the Investment Research Steering Committee) oversees the day-to-day operation and performance of the DAA overlay and decides whether new proposed signals will be added to the investment process.

The AMPI Investment Committee has ultimate oversight of the DAA overlay.

## Performance

Since the Fund's launch in August 2025, it has performed above long-term expectations[1].




Source: AMP, Bloomberg. **Past performance is not a reliable indicator of future performance.**

Longer term, the Fund aims to deliver strong positive returns calculated on a rolling three-year basis, while also managing the Fund's volatility to the Volatility Target.

[1] The live Sharpe Ratio of the Fund is higher than forecast by back testing. The longer this persists, the greater our confidence that the back test is representative, noting that back tests are hypothetical and cannot reflect all of the complexities of actual investing.

## AMP Overlay Fund's role in a managed portfolio

As mentioned, the AMP Overlay Fund is specifically designed to be used as a component of a managed portfolio or a managed fund. It shares this characteristic with several other alternative funds on North that may be used for a similar purpose. We believe the AMP Overlay Fund may be a good complement to these other funds.

Comparing the back-tested and live (since August 2025) performance of the Fund with the performance of other popular overlay strategies, we see relatively low correlations that are quite diversifying.

This is especially interesting given that the average pairwise correlation between these four funds is 0.74 calculated using Morningstar monthly returns from 2009 to 2026.

| Correlation of monthly returns | AMP Overlay Fund (back test^) | Date range |
|---|---|---|
| **AQR Wholesale Managed Futures** | 0.11 | 2011-2026 |
| **Aspect Diversified Futures** | 0.29 | 2010-2026 |
| **Man AHL Alpha** | 0.36 | 2009-2026 |
| **Winton Global Alpha** | 0.30 | 2009-2026 |

Source: AMP, Morningstar to Feb 2025

To get a sense of the result of combining these funds into a typical managed portfolio, we use the concept of a Simple Reference Portfolio (SRP) with a 70% growth allocation which consists of:

- 35% Australian equities
- 35% global developed market equities (50% hedged)
- 12% Australian fixed interest
- 12% global fixed interest
- 6% cash

The Sharpe Ratio (i.e., the excess return above cash divided by the volatility of those excess returns) of the SRP since May 2011 was 0.77.

The table below shows the impact on the Sharpe Ratio of the SRP for that time period if 2.5% of the cash allocation is replaced by one of the overlay funds discussed above.

| 2.5% allocated from cash to: | Sharpe Ratio |
|---|---|
| **AQR Wholesale Managed Futures** | 0.80 |
| **Aspect Diversified Futures** | 0.79 |
| **Man AHL Alpha** | 0.78 |
| **Winton Global Alpha** | 0.78 |
| **AMP Overlay Fund (back test^ from 2011 – Aug 2025 and actual from Sep 2025)** | **0.84** |

Source: AMP, Morningstar to Feb 2025

^ Back test results are hypothetical and do not reflect actual investments. A back test cannot reflect all the complexities of actual investing and there are many factors which may materially affect actual results.

Given the relatively low correlation between the AMP Overlay Fund and the other options, we should expect to, and do, see a further increase in the Sharpe Ratio when 2.5% is allocated from cash to the AMP Overlay Fund (back test^ from 2011 and live from Sep 2025) and 2.5% from cash to the other fund.

| Additional 2.5% allocated from cash to | Sharpe Ratio |
|---|---|
| **AQR Wholesale Managed Futures** | 0.87 |
| **Aspect Diversified Futures** | 0.86 |
| **Man AHL Alpha** | 0.85 |
| **Winton Global Alpha** | 0.85 |

Source: AMP, Morningstar to February 2025

We would be happy to replicate the above analysis using any combination of returns data appropriate for your purposes.

## Fees

The AMP Overlay Fund is competitively priced as follows:

- Management fee: 0.51% p.a.
- Recoverable expenses: 0.05% p.a.
- Performance fees: will not be charged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