

AMP Australian Share

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3 year basis. The portfolio uses a number of diverse styles.

Investment Option Performance

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

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	5 - 7 years
Relative risk rating	High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	2.98
Australian Shares	88.64
Listed Property and Infrastructure	5.40
Cash	2.98

Sector Allocation	%
Financials	28.33
Materials	18.97
Industrials	10.24
Health Care	10.19
Real Estate	5.85
Energy	5.69
Consumer Staples	5.38
Consumer Discretionary	5.25
Cash	3.24
Communication Services	2.99
Information Technology	2.17
Utilities	1.69

Top Holdings	%
CSL Ltd	7.46
Commonwealth Bank	7.02
BHP Group Ltd	5.94
National Australia Bank Ltd	3.93
Australia & New Zealand Banking Group Ltd	3.58
Westpac Banking Corp	3.44
Macquarie Group Ltd	3.42
Woolworths Group Ltd	3.02
Transurban Group	2.65
Telstra Corp Ltd	2.48

Fund Performance

The Fund performed in line with the S&P/ASX 200 Accumulation Index over the December quarter, primarily due to a positive contribution from our positioning in the health care sector. It maintained a neutral exposure to both risk appetite and market beta.

The largest positive stock-level contributor came from an overweight position in A2 Milk, which experienced a marked rise in its share price during the quarter. At the AGM in November, the company released solid first-half revenue guidance and upgrades to EBITDA margins for FY20. In addition, they have been able to extend their manufacturing and supply agreements with Synlait Milk.

The largest stock-level detractor came from an overweight position in Jumbo Interactive, which experienced a major share price fall over the quarter. Despite inclusion in the ASX200 during the quarter, the company share price experienced a negative rerating. The December release of its half-yearly trading update disappointed the market. While revenue was in line with expectations, profit margins weren't as good as expected.

The Fund is characterised as being a highly diversified portfolio with a breadth of stock holdings. Across the sectors, the Fund's largest overweights are towards energy and utilities, whilst it is underweight on the real estate and consumer discretionary sectors.

Market Review

Australian shares finished the December quarter slightly higher, returning 0.68% as measured by the S&P/ASX200 index on a total return basis. Stripping the effect of dividends out of the return, the market's performance was effectively flat for the period. Shares were generally flat early in the quarter, before rising in November amid bullish broader global sentiment. Subsequently, the market gave up some of these gains in December on a lack of material company news and some end-of-year profit taking. At a sector level, health care was the standout performer, though energy and information technology stocks were also generally strong. Financials however pulled the market down, as did consumer staples to a lesser degree.

Outlook

Australian shares are likely to continue to be largely driven by global markets, despite constrained growth in Australia. The government is thus likely to introduce accommodative policy changes and the Reserve Bank of Australia (RBA) will likely experience increasing pressure to further reduce the interest rate, particularly as inflation remains below target. The Governor of the RBA has indicated quantitative easing may be considered once the cash rate reaches 0.25%. The consensus is this threshold will likely be reached sometime in 2020 (despite the RBA's optimism) and is thereby supportive for Australian shares.

Despite some expensive-looking pockets, valuations remain reasonable, particularly when compared against low bond yields. Supportive Australian monetary and fiscal policy should support market over the medium term. Investors are likely to continue to benefit by being highly selective and focussing on companies with robust business fundamentals.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0163AU*
AMP Flexible Super - Retirement account	AMP1320AU*
AMP Flexible Super - Super account	AMP1450AU*
CustomSuper	AMP0163AU*
Flexible Lifetime - Allocated Pension	AMP0591AU*
Flexible Lifetime - Term Pension	AMP0891AU*
SignatureSuper	AMP0739AU*
SignatureSuper - Allocated Pension	AMP1129AU*

*Closed to new investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL), AMP Capital Funds Management Limited ABN 15 159 557 724, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (AMP Australian Share). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.