

Australian Share Index

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

The strategy aims to provide returns that track the S&P/ASX 300 Accumulation Index with net dividends reinvested. Investments into the Australian shares asset class will be attained through the use of low cost index-focused investment managers.

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	7 years
Relative risk rating	High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	2.65
Australian Shares	88.75
Listed Property and Infrastructure	7.40
Cash	1.20

Sector Allocation	%
Financials	29.06
Materials	17.99
Health Care	10.23
Industrials	8.26
Real Estate	7.57
Consumer Discretionary	6.65
Consumer Staples	5.67
Energy	5.35
Communication Services	3.54
Information Technology	2.70
Utilities	1.81
Cash	1.17

Top Holdings	%
COMMONWEALTH BANK AUST	7.55
CSL Ltd	6.70
BHP Group Ltd	6.16
Westpac Banking Corp	4.47
Australia & New Zealand Banking Group Ltd	3.83
National Australia Bank Ltd	3.81
Woolworths Group Ltd	2.55
Wesfarmers Ltd	2.52
Macquarie Group Ltd	2.34
Telstra Corp Ltd	2.25

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	AMP0057AU
CustomSuper	AMP0057AU
Flexible Lifetime - Allocated Pension	AMP0592AU
Flexible Lifetime - Term Pension	AMP0892AU
SignatureSuper	AMP0782AU
SignatureSuper - Allocated Pension	AMP1136AU

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