

AMP Australian Share Enhanced Index

Quarterly Investment Option Update

31 March 2020

Aim and Strategy

To provide investors with access to a portfolio of shares listed on the Australian Securities Exchange, with diversification achieved primarily through investment across a range of industries and issuers. In identifying share opportunities for the investment option we take an 'enhanced index' approach to investment. This enhanced index approach is tailored to the Australian market and provides greater potential for enhanced, risk-adjusted returns than would be achieved through investment in a pure index investment option.

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

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	3.54
Australian Shares	86.63
Listed Property and Infrastructure	6.19
Cash	3.63

Sector Allocation	%
Financials	26.89
Materials	17.70
Health Care	13.47
Industrials	7.85
Consumer Staples	6.96
Consumer Discretionary	6.04
Real Estate	5.82
Cash	3.65
Communication Services	3.64
Energy	3.45
Information Technology	2.44
Utilities	2.10

Top Holdings	%
CSL Ltd	9.46
Commonwealth Bank of Australia	7.62
BHP Group Ltd	6.18
Westpac Banking Corp	4.02
Australia & New Zealand Banking Group Ltd	3.61
National Australia Bank Ltd	3.39
Woolworths Group Ltd	3.17
Wesfarmers Ltd	2.65
Telstra Corp Ltd	2.51
Transurban Group	2.24

Market Review

Australian shares were hit heavily by the COVID-19 crisis in the March quarter, falling by 23.1%, as measured by the S&P/ASX200 index on a total return basis. This was despite a strong performance in January which led to record highs being touched early in the quarter, before fears grew around the COVID-19 virus and the likely sharp economic downturn it has caused. This resulted in large amounts of indiscriminate panic-selling, particularly during mid-to-late quarter. While the virus and its associated lockdowns are causing a significant and sharp effect on earnings, it is still the general (and a mostly logical) consensus that this will be temporary in nature, although the timeframe is hard to accurately forecast. Nonetheless, some areas of apparent good value emerged from the broad sell-down, albeit many companies withdrew their forward guidance given a lack of earnings visibility and flagged that dividends may be impacted. Positive for shares, the Australian government announced an enormous amount of targeted fiscal stimulus, totalling around A\$200 billion or 10% of GDP, which is nearly double that of the stimulus injected during the Global Financial Crisis. The RBA also cut the official cash rate to 0.25% and announced low-cost funding for banks, at 0.25% for three years.

Outlook

Australian shares will likely remain to be strongly influenced by global markets, as the impact of the COVID-19 virus plays out. Australia's economic growth is likely to sharply fall, though similar to its international peers, this is likely to be temporary and bounce back at some stage. Valuations now appear significantly cheaper after the recent virus-related falls and relative to low bond yields, though given the lack of earnings visibility over the shorter term, a degree of caution is appropriate. Highly supportive Australian monetary and fiscal policy should also aid markets over the medium term.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0828AU*
Flexible Lifetime - Investments (Series 2)	AMP1445AU*

*Closed to new investors

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