

Arrowstreet Global Equity

Quarterly Investment Option Update

31 March 2020

Aim and Strategy

To achieve a long-term total return (before fees and expenses) that exceeds the MSCI All Country World ex-Australia Index, in Australian dollars unhedged with net dividends reinvested. The portfolio provides exposure to a diversified portfolio of global equities which may include securities listed in emerging markets as well as securities of small capitalisation companies. The option will not invest in 'tobacco' securities as defined by Global Industry Classification Standards (GICS) and 'controversial weapon' securities as defined by MSCI, Inc. The option is actively managed using a quantitative approach and stock selection modelling to evaluate securities on an integrated basis to exploit tactical opportunities across different factors with the aim of controlling risk relative to its benchmark and maximising the likelihood of outperforming its benchmark. Arrowstreet's stock selection models are designed to:

- understand what information is likely to impact stock prices and obtain the information to forecast individual stock returns by evaluating a stock's potential on the basis of a diverse set of direct and indirect effects, and
- identify particular signals or segments of the market that exhibit the greatest mispricing (or inefficiencies) at any point in time.

The option may use derivatives to manage currency risk arising from differences in the currency weights of the portfolio's investments compared to its benchmark. The portfolio's exposure to foreign currencies is not hedged back to Australian dollars.

Investment Option Performance

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

Investment Option Overview

Investment Category	Global Shares
Suggested Investment timeframe	7+ years
Relative risk rating	6/ High
Investment style	Core
Manager Style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100.00	98.73
Cash	0.00	1.27

Sector Allocation	%
North America	54.78
Europe ex UK	21.59
Emerging markets	9.36
Japan	7.86
United Kingdom	4.92
Asia ex Japan	0.22

Regional Allocation	%
Information technology	28.31
Financials	22.48
Consumer discretionary	8.09
Health care	7.45
Industrials	7.01
Consumer staples	6.95
Utilities	6.38
Communication services	5.39
Materials	3.22
Energy	2.95

Top Holdings	%
Mastercard Inc	5.54
Roche Holdings Ag	3.07
Visa Inc	2.94
Starbucks Corp	2.29
Microsoft Corp	2.19
Allianz Se	2.13
Samsung Electronics	2.08
Bhp Group Plc	1.64
Intel Corp	1.48

Market Commentary

Equities fell sharply and volatility exploded in the first quarter of 2020. The quarter had started on a positive note as the trade dispute between the US and China eased; however, this was later overshadowed by the initial spread of COVID-19 in China in January. The initial stock market reaction was fairly muted compared to the steep drawdown experienced from late February through the end of March as the virus continued to spread internationally and investors digested the resulting economic impact. Outside of equities, risk assets like commodities collapsed, corporate credit spreads blew out, and bond yields tumbled. Central banks and governments around the world introduced aggressive monetary and fiscal stimulus measures aimed at improving liquidity conditions and supporting their respective economies.

Energy was the worst performing sector for the market, with the expected economic impact of the virus placing pressure on oil prices, further exacerbated by a supply and price war between Russia and Saudi Arabia. Financials, sensitive to both economic conditions and interest rates, also broadly underperformed, while defensive sectors such as Health Care and Consumer Staples outperformed. Value stocks suffered during the quarter, particularly those in sub-industries heavily impacted by shutdowns, however began to rebound towards the end of March.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1530AU
AMP Flexible Super - Retirement account	AMP1590AU
AMP Flexible Super - Super account	AMP1578AU
CustomSuper	AMP1530AU
Flexible Lifetime - Allocated Pension	AMP1542AU
SignatureSuper	AMP1554AU
SignatureSuper Allocated Pension	AMP1566AU

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