

AMP International Share Enhanced Index

Quarterly Investment Option Update

30 June 2020

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, higher than the return from the benchmark on a rolling 12-month basis. The portfolio invests in international shares and partially replicates the MSCI World (ex-Australia) (ex Tobacco) Index. Some of the portfolio's underlying managers may use short selling with the aim of implementing the investment objectives. The investment option may be geared, but in normal circumstances, the investment option will be no more than 100% exposed to international share market movements, after taking into account derivative positions. In normal circumstances, the investment option is unhedged to Australian dollars.

Investment Option Performance

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

Investment Option Overview

| | |
|---|----------------|
| Investment category | Global Shares |
| Suggested minimum investment timeframe | 7 years |
| Relative risk rating | High |
| Investment style | Enhanced Index |
| Manager style | Multi-manager |

| Asset Allocation | Benchmark (%) |
|-------------------------|----------------------|
| International shares | 100 |
| Cash | 0 |

| Actual Allocation | % |
|------------------------------------|----------|
| International Shares | 94.45 |
| Australian Shares | 0.26 |
| Listed Property and Infrastructure | 2.60 |
| Others | 0.28 |
| Cash | 2.41 |

| Sector Allocation | % |
|--------------------------|----------|
| Information Technology | 20.60 |
| Health Care | 13.86 |
| Financials | 11.64 |
| Consumer Discretionary | 11.24 |
| Industrials | 9.56 |
| Communication Services | 8.43 |
| Consumer Staples | 7.59 |
| Materials | 3.98 |
| Utilities | 2.95 |
| Real Estate | 2.90 |
| Energy | 2.74 |
| Cash | 2.23 |
| Unclassified | 1.98 |
| Others | 0.30 |

| Top Holdings | % |
|---|----------|
| Microsoft Corp | 3.90 |
| Amazon.com Inc | 3.07 |
| APPLE INC | 2.72 |
| HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND | 1.98 |
| Alphabet Inc | 1.81 |
| Facebook Inc | 1.27 |
| Procter & Gamble Co/The | 0.88 |
| Cisco Systems Inc | 0.74 |
| Nestle SA | 0.73 |
| Novartis AG | 0.67 |

| Region Allocation | % |
|-------------------|-------|
| North America | 67.61 |
| Europe ex UK | 15.82 |
| Japan | 7.80 |
| United Kingdom | 4.44 |
| Cash | 2.64 |
| Asia ex Japan | 1.76 |
| Australasia | 0.06 |

Market Review

Global shares surged back from their March lows over the June quarter, with the MSCI World ex Australia index finishing the period up by 18.5%. This came as virus-related market panic progressively dissipated and lockdowns began to be lifted. Death rates, were also far below previous 'worst-case' scenario estimates. As businesses reopened, most governments maintained (and in some case even increased) their stimulus programmes on offer, leading to continued support for share prices. Various economic indicators also appeared to confirm a global economic recovery was indeed underway, reflected in sharp rises in business confidence and falling rates of unemployment. Contrary to the markets' bullish sentiment, the list of concerns on many investors' radars however only appeared to grow, with issues such as civil unrest in the US, the upcoming US election, Chinese tensions (with Hong Kong, the US, India and even Australia) and a rising risk of a 'second wave' of COVID-19 infections (particularly in the US) leading to a growing sense of unease. Perhaps most pressingly for shares, corporate earnings visibility remains low, resulting in many businesses being hard to value, particularly over the short-term. Emerging markets meanwhile were also very strong, driven by the same trends as broader developed markets to return 16.7% over the quarter as measured by the MSCI Emerging Markets index. (Indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

Given a lack of earnings visibility, we believe investors should exercise some caution, particularly where prices have risen quickly. Amid changing consumer dynamics, many companies will likely struggle for some time, while stronger businesses are likely to emerge from the COVID-19 crisis with gained market share. Pressure on global economies has however begun to ease as various lockdowns and restrictions have been lifted, while highly supportive monetary and fiscal policy continues to provide solid support. While second wave fears persist and are temperamentally traded on, thereby presenting potential retraces/pullbacks, we believe the longer-term market trend will remain to the upside. As always, while the near-term direction of markets is impossible to accurately predict, we generally believe that those with a diversified portfolio of quality businesses, bought at a reasonable price, are likely to do well over the long-term.

Availability

| Product Name | APIR |
|--|------------|
| Flexible Lifetime - Investments (Series 1) | AMP0994AU* |
| Flexible Lifetime - Investments (Series 2) | AMP1396AU |

*Closed to new investors

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