

# Arrowstreet Global Equity

Quarterly Investment Option Update

30 June 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](http://amp.com.au)

## Investment Option Overview

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

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100.00	95.73
Cash	0.00	4.27

Sector Allocation	%
North America	60.84
Europe ex UK	17.04
Emerging markets	6.31
Japan	6.20
United Kingdom	4.22
Asia ex Japan	1.13

Regional Allocation	%
Information Technology	27.00
Consumer Discretionary	13.67
Health Care	13.48
Materials	11.33
Communication Services	8.80
Financials	5.50
Energy	5.00
Consumer Staples	4.66
Industrials	4.61
Utilities	1.55

Top Holdings	%
Microsoft Corp	5.00
Amazon.Com Inc	2.72
Intel Corp	1.97
Johnson & Johnson	1.94
Gazprom	1.92
Facebook Inc	1.60
Samsung Electronics	1.58
Vale S.A.	1.53
Merck & Co	1.38

## Market Commentary

Arrowstreet employs a benchmark-aware approach, and as such, takes positions with the aim of achieving long-term outperformance of the Benchmark.

Equities rebounded and volatility subsided in the second quarter. New cases of COVID-19 appeared to peak in regions that were initial virus hotspots, sparking expectations for recovery. Regardless, the adverse impacts of the COVID-19 pandemic persisted as lockdowns largely remained in effect and economic activity declined drastically.

Employment data showed ballooning job losses, and other indicators of growth, sales, and production dropped to unprecedented recessionary levels. However, positive signs emerged in data towards the end of the quarter as economies began to reopen, and stimulus measures from central banks and governments supported risk assets and encouraged economic stability.

Central banks further slashed benchmark interest rates and broadened the size and scope of asset purchase programs. Governments also expanded their fiscal relief packages to provide aid such as supplementary unemployment benefits, loans, and cash distributions.

Tensions between the US and China flared related to both COVID-19 and Hong Kong, threatening the resilience of the late-2019 trade deal between the two countries. In the UK, Brexit negotiations resumed, and fears of a "no deal" exit from the EU were reignited as the year-end departure deadline approaches. Oil rebounded sharply on reduced output, improving sentiment, and returning demand.

## 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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