

Winton Global Alpha

Quarterly Investment Option Update

30 June 2020

Aim and Strategy

To generate long-term total returns from a managed futures strategy by investing in exchange-traded futures and forward contracts providing exposure to underlying investments such as share indices, bonds, interest rates, currencies and commodities. The strategy holds both long and short positions in futures and will also hold cash and cash equivalents.

Investment Option Performance

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

Investment Option Overview

Investment Category	Alternatives
Suggested Investment timeframe	5 years
Relative risk rating	4 / Medium
Investment style	Alternatives
Manager style	Single Manager

Sector Allocation	%
Energies	18.72
Equities	18.30
Base Metals	15.87
Bonds	14.55
Crops	10.97
Currencies	8.81
Interest Rates	7.01
Precious Metals	5.22
Livestock	0.53

Asset Allocation	Benchmark (%)	Actual (%)
Alternatives	100.00	100.00

Portfolio Summary

The Investment Option's negative performance during the quarter was driven largely by its defensive positioning, with commodities, currencies and stock indices all detracting from performance, partially offset by positioning in fixed income.

Investment Option Commentary

Long overall exposure to the US dollar weighed on performance within currencies, particularly short Australian dollar and euro positions. Further losses accrued from net short positioning in metals, energies, agricultural commodities, and stock indices. These results reflected a move towards a "risk-on" sentiment in the broader market; technology stocks led global equities higher for the third consecutive month, with the Nasdaq climbing to a record high, and rallies occurred in energies and base metals. WTI crude neared US\$40 a barrel for the first time since March, while copper prices have now recovered most of their year-to-date losses.

In the second quarter, short positions in silver, copper, crude oil and gasoline accounted for most of the losses in Commodities. Silver prices recovered from an 11-year low in March, copper markets gained on signs of a pickup in Chinese demand and oil prices rallied alongside easing lockdowns and further cuts to output. The Investment Option's losses in these markets were mitigated by short natural gas positions and long exposure to iron ore. While positioning in agricultural commodities was broadly flat overall, the Investment Option profited from falls in wheat, coffee and soymeal.

The negative contribution from Equity Indices resulted from the Investment Option being positioned mostly short, which weighed on returns as global equity markets rose. Nonetheless, in the technology-dominant Nasdaq, the Investment Option made a small profit from its long exposure, with the index climbing to a record high in June. In Currencies, short positions in the Australian dollar, euro and Canadian dollar accounted for most of the negative performance. Long positions in Fixed Income markets were the largest positive contributor to returns, with short sterling and Euribor futures leading the gains.

Long fixed income positions proved more favourable during the month, with profits accruing from European and Mexican interest rates.

Outlook

The strategy aims to deliver long-term returns as a diversifying allocation in investor portfolios. Since the COVID-19 pandemic has impacted markets, the Investment Option has transitioned to be more defensively positioned, and such an allocation could prove especially valuable if the recent return of market optimism turns out to be misplaced. Winton remains comfortable with the Investment's positioning despite being less part of a crowd than it has been for a long time.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1707AU
AMP Flexible Super - Retirement account	AMP1762AU
AMP Flexible Super - Super account	AMP1754AU
CustomSuper	AMP1707AU
Flexible Lifetime - Allocated Pension	AMP1715AU
SignatureSuper	AMP1723AU
SignatureSuper Allocated Pension	AMP1741AU

Contact Details

Web: www.amp.com.au
Email: askamp@amp.com.au
Phone: 131 267



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