

AMP Australian Share

Quarterly Investment Option Update

30 September 2020

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3 year basis. The portfolio uses a number of diverse styles.

Investment Option Performance

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

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	5 - 7 years
Relative risk rating	6 / High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	4.03
Australian Shares	85.29
Listed Property and Infrastructure	8.21
Cash	2.48

Sector Allocation	%
Financials	24.54
Materials	21.88
Health Care	12.04
Industrials	8.96
Consumer Discretionary	6.86
Real Estate	5.72
Consumer Staples	5.24
Communication Services	3.93
Information Technology	3.62
Energy	3.19
Cash	2.62
Utilities	1.40

Top Holdings	%
CSL Ltd	7.25
COMMONWEALTH BANK AUST	6.18
BHP Group Ltd	6.12
National Australia Bank Ltd	3.98
Macquarie Group Ltd	3.14
Wesfarmers Ltd	3.03
Westpac Banking Corp	2.86
Woolworths Group Ltd	2.84
Newcrest Mining Ltd	2.68
Australia & New Zealand Banking Group Ltd	2.51

Fund Performance

The Fund underperformed the S&P/ASX 200 Accumulation Index over the September quarter, primarily due to the negative contribution from our positioning in financial and materials stocks. The Fund maintained a neutral exposure to both risk appetite and market beta.

The largest positive stock-level contributor came from the Fund's overweight position in ARB Corp. ARB distributes and sells accessories for four-wheel drive vehicles. Its share price was up strongly during the quarter, given the company's sales have benefited from the COVID-19 lockdowns, forcing Australian holiday makers to travel and holiday domestically.

The largest stock-level detractor came from the Fund's underweight position in Corporate Travel Management. The company offers corporate travel services under a fee-for-service model. During the quarter, the company announced it will acquire a US-based competitor and is able to raise capital to fund the purchase.

The Fund is characterised as being a highly diversified portfolio with a breadth of stock holdings. Across the sectors, the Fund's largest overweight allocations are towards consumer discretionary and industrial sectors, whilst it is underweight the real estate and consumer staples sectors.

Market Review

Australian shares initially rose in July and August, before pulling back in September to end the quarter down by 0.44% as measured by the S&P/ASX 200 index, on a total return basis. Early to mid-quarter, Australian shares were driven by rising global markets, amid broader global optimism and the continued presence of massive levels of economic stimulus, with central banks (including the RBA) continuing to indicate they will do whatever is necessary to support economies. The August reporting season then saw the market rise further, with many companies beating unsurprisingly low consensus forecasts. Given the unique COVID-19 backdrop, as expected results were variable from business to business and across sectors. Information technology, healthcare, some of the miners, gold producers and even some consumer discretionary stocks reported relatively strong results, given the circumstances. Retailers focussed on e-commerce, rather than traditional bricks and mortar, also reported strong results. Meanwhile, airlines, other travel-related businesses and financials generally struggled. Late in the quarter, Australian shares fell alongside global markets, as concerns rose around continued and further lockdowns, such as those being experienced in Melbourne, which have now lasted longer than Wuhan's, where the virus originated.

Outlook

Australian shares will likely continue to be primarily driven by global markets. Like its international peers, Australia's economic growth has slumped, though evidence of a bounce-back has emerged in some sectors, supported by Chinese demand. Australia's greater degree of government stimulus (relative to other countries) should help support Australian shares, though there are some near-term risks, such as soured trade relations with China and a continued lack of medium-term earnings visibility for many companies. Given large price rises since the March lows, there may be an increased risk of corrections, though we believe the longer-term trend is likely to remain positive. We continue to believe investors should be selective and, as always, maintain a longer-term perspective.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1320AU*
AMP Flexible Super - Super	AMP1450AU*
CustomSuper	AMP0163AU*
Flexible Lifetime - Allocated Pension	AMP0591AU*
Flexible Lifetime - Super	AMP0163AU*
Flexible Lifetime - Term Pension	AMP0891AU*
SignatureSuper	AMP0739AU*
SignatureSuper - Allocated Pension	AMP1129AU*

*Closed to new investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying investment manager only and not necessarily the views of AMP Limited ABN 49 079 354 519 (AMP Group). No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM) and/or ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any advice in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (underlying fund). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, AMPCFM, ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.

Please note that slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.