

# AMP International Share Enhanced Index

Quarterly Investment Option Update

30 September 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/performance](http://www.amp.com.au/performance)

## Investment Option Overview

|                                               |                |
|-----------------------------------------------|----------------|
| <b>Investment category</b>                    | Global Shares  |
| <b>Suggested minimum investment timeframe</b> | 7 years        |
| <b>Relative risk rating</b>                   | 6 / High       |
| <b>Investment style</b>                       | Enhanced Index |
| <b>Manager style</b>                          | Multi-manager  |

| <b>Asset Allocation</b> | <b>Benchmark (%)</b> |
|-------------------------|----------------------|
| International shares    | 100                  |
| Cash                    | 0                    |

| <b>Actual Allocation</b>           | <b>%</b> |
|------------------------------------|----------|
| International Shares               | 94.78    |
| Australian Shares                  | 0.26     |
| Listed Property and Infrastructure | 2.33     |
| Others                             | 0.29     |
| Cash                               | 2.34     |

| <b>Sector Allocation</b> | <b>%</b> |
|--------------------------|----------|
| Information Technology   | 21.39    |
| Health Care              | 13.41    |
| Consumer Discretionary   | 12.47    |
| Financials               | 10.93    |
| Industrials              | 10.05    |
| Communication Services   | 8.42     |
| Consumer Staples         | 7.40     |
| Materials                | 4.26     |
| Utilities                | 2.75     |
| Real Estate              | 2.69     |
| Cash                     | 2.13     |
| Energy                   | 1.95     |
| Unclassified             | 1.88     |
| Others                   | 0.29     |

| <b>Top Holdings</b>                         | <b>%</b> |
|---------------------------------------------|----------|
| Microsoft Corp                              | 3.60     |
| Amazon.com Inc                              | 3.20     |
| APPLE INC                                   | 3.10     |
| HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND | 1.88     |
| ALPHABET INC                                | 1.75     |
| Facebook Inc                                | 1.37     |
| Procter & Gamble Co/The                     | 0.90     |
| NVIDIA Corp                                 | 0.72     |
| Tesla Inc                                   | 0.66     |
| Nestle SA                                   | 0.65     |

| Region Allocation | %     |
|-------------------|-------|
| North America     | 68.23 |
| Europe ex UK      | 15.76 |
| Japan             | 7.82  |
| United Kingdom    | 4.15  |
| Cash              | 2.33  |
| Asia ex Japan     | 1.60  |
| Australasia       | 0.06  |
| Others            | 0.06  |

## Market Review

Global share markets rose strongly in the first half of the September quarter, before pulling back somewhat towards the end of the period to finish up by 6.87%, as measured by the MSCI World ex Australia index. Growing confidence around the speed of the global economic recovery, better than expected corporate earnings, improved manufacturing activity data and reasonably strong US jobs figures all contributed to the strong rise. This was despite some renewed fears around further waves of COVID-19 and more specifically, how governments might react to renewed outbreaks. Geopolitical tensions abounded, though this was mostly treated as noise by markets. Towards the end of the quarter, a marked correction in technology stocks occurred, which in turn pulled the broader market down somewhat. Amid a strong Chinese economic recovery and growing demand for commodities, emerging markets also rose over the period, outperforming developed markets and returning 8.65% as measured by the MSCI Emerging Markets index. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

The medium-term outlook for earnings remains generally hard to predict; and varies greatly depending on company specifics. We continue to believe investors should exercise 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. Although pressure on some global economies has begun to ease, risks of further COVID-19 breakouts; and indeed, the manner in which governments choose to respond, remain a risk. Governments generally continue to implement supportive monetary and fiscal programmes to ease shorter-term burdens and keep economies more resilient, though some concern is growing around the sustainability of some programmes. Despite this, 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 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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