

# AMP Australian Share Enhanced Index

Quarterly Investment Option Update

31 December 2020

## Aim and Strategy

To provide investors with access to a portfolio of shares listed on the Australian Securities Exchange, with diversification achieved primarily through investment across a range of industries and issuers. In identifying share opportunities for the investment option we take an 'enhanced index' approach to investment. This enhanced index approach is tailored to the Australian market and provides greater potential for enhanced, risk-adjusted returns than would be achieved through investment in a pure index investment option.

## 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>	Australian Shares
<b>Suggested minimum investment timeframe</b>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Enhanced Index
<b>Manager style</b>	Single

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	4.36
Australian Shares	82.06
Listed Property and Infrastructure	10.04
Cash	3.55

Sector Allocation	%
Financials	26.69
Materials	19.59
Health Care	10.23
Consumer Discretionary	7.41
Industrials	7.37
Real Estate	6.51
Consumer Staples	5.63
Information Technology	4.39
Communication Services	3.65
Energy	3.57
Futures	3.37
Utilities	1.45
Cash	0.14

Top Holdings	%
COMMONWEALTH BANK AUST	7.55
CSL Ltd	6.73
BHP Group Ltd	6.54
National Australia Bank Ltd	3.81
Westpac Banking Corp	3.75
Australia & New Zealand Banking Group Ltd	3.52
Wesfarmers Ltd	3.05
Woolworths Group Ltd	2.69
Macquarie Group Ltd	2.39
Rio Tinto Ltd	2.16

## Market Review

Australian shares had an extremely strong December quarter, rising by 13.70%, as measured by the S&P/ASX 200 index on a total return basis. Moves in the Australian share market broadly reflected optimistic sentiment around the globe. In October, stocks rose amid improving domestic economic indicators, as well as further stimulus measures introduced in the Australian Federal Budget. Victoria also announced its intention to "reopen" its economy after one of the harshest lockdowns so far seen. An RBA rate cut, combined with a quantitative easing programme announcement in the first week of November further spurred stocks, although the real booster came shortly after multiple successful vaccine trials were announced overseas, causing markets to surge. Victoria also continued to emerge from its second wave of COVID-19 cases, with the virus apparently all but eliminated across the state by the end of November. Towards the quarter's end, news-flow continued to centre around the rollout of COVID-19 vaccines, though continued solid economic indicators in the US and a Brexit deal finally being reached in the UK added further support. The Australian economy meanwhile moved out of recession and this, combined with improving consumer confidence, continued ultra-low interest rates and continued RBA quantitative easing, all helped push markets higher, even despite a new COVID-19 outbreak emerging in Sydney around Christmas time.

## Outlook

Australian shares will likely continue to be strongly influenced by global markets and events. Like its international peers, Australia's economic growth has slumped, though evidence of a bounce-back has emerged in some sectors as borders are opened, pandemic restrictions wound down, and GDP returns to some form of normalcy. Australia's greater degree of government stimulus (relative to other countries) and low COVID-19 cases from an international perspective should help support domestic shares, though there are continuing issues, such as soured trade relations with China and a continued lack of medium-term earnings visibility for many companies. Given the large price rises through most of 2020, 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.

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## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0828AU**
Flexible Lifetime - Investments (Series 2)	AMP1445AU**

\*\*Closed to new and existing investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



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