

# AMP Capital Equity

## Quarterly Investment Option Update

31 December 2020

### Aim and Strategy

To provide investors with long-term capital growth through investment in a portfolio of Australian securities, listed or about to be listed, on the Australian Securities Exchange. Investment is diversified across a range of industries and sectors, with a focus on the largest 200 companies. In constructing the portfolio, AMP Capital employs a systematic rules-based approach where no individual stock fundamental analysis is conducted and the investment team use large sets of data to analyse stocks through intelligent screening methods. Passive, enhanced

### 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>	Active
<b>Manager style</b>	Single

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian Shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	4.44
Australian Shares	83.42
Listed Property and Infrastructure	10.22
Cash	1.92

<b>Sector Allocation</b>	<b>%</b>
Financials	27.15
Materials	19.91
Health Care	10.40
Consumer Discretionary	7.52
Industrials	7.48
Real Estate	6.62
Consumer Staples	5.72
Information Technology	4.45
Communication Services	3.73
Energy	3.64
Futures	1.78
Utilities	1.48
Cash	0.13

<b>Top Holdings</b>	<b>%</b>
COMMONWEALTH BANK AUST	7.68
CSL Ltd	6.85
BHP Group Ltd	6.66
National Australia Bank Ltd	3.87
Westpac Banking Corp	3.82
Australia & New Zealand Banking Group Ltd	3.57
Wesfarmers Ltd	3.10
Woolworths Group Ltd	2.74
Macquarie Group Ltd	2.44
Rio Tinto Ltd	2.19

## Fund Performance

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

The largest positive stock-level contributor came from an overweight position in IGO, an exploration and mining company. IGO's share price was up strongly during the quarter, buoyed by the successful completion of a transformational capital raising and subsequent acquisition of a stake in Lithium Holdco.

The largest stock-level detractor came from the Fund's underweight position in Sims, which provides metal recycling services globally, including the buying, processing, and selling of ferrous and non-ferrous recycled metals. During the quarter the stock rallied on the expectation of an economic recovery post successful vaccine trials.

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 to the consumer discretionary and industrial sectors, whilst the largest underweight allocations are to the real estate and communication services sectors.

## 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
AMP Flexible Super - Retirement	AMP1324AU*
AMP Flexible Super - Super	AMP1454AU*
CustomSuper	AMP0468AU*
Flexible Lifetime - Allocated Pension	AMP0598AU*
Flexible Lifetime - Investments (Series 1)	AMP0018AU**
Flexible Lifetime - Investments (Series 2)	AMP1394AU**
Flexible Lifetime - Super	AMP0468AU*
Flexible Lifetime - Term Pension	AMP0898AU*
SignatureSuper	AMP2047AU*
SignatureSuper - Allocated Pension	AMP2048AU*

\*Closed to new investors, \*\*Closed to new and existing investors

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