

AMP Australian Share Enhanced Index

Quarterly Investment Option Update

31 March 2021

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

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	5 years
Relative risk rating	High
Investment style	Enhanced Index
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	4.07
Australian Shares	83.57
Listed Property and Infrastructure	9.58
Cash	2.77

Sector Allocation	%
Financials	29.97
Materials	19.82
Health Care	9.96
Consumer Discretionary	8.16
Industrials	7.15
Real Estate	6.48
Consumer Staples	5.60
Information Technology	4.01
Communication Services	3.76
Energy	3.53
Utilities	1.37
Cash	0.20

Top Holdings	%
COMMONWEALTH BANK AUST	7.81
BHP Group Ltd	6.69
CSL Ltd	6.10
Westpac Banking Corp	4.49
National Australia Bank Ltd	4.30
Australia & New Zealand Banking Group Ltd	4.22
Wesfarmers Ltd	3.06
Woolworths Group Ltd	2.83
Macquarie Group Ltd	2.57
Rio Tinto Ltd	2.18

Market Review

Australian shares climbed higher in the March quarter, rising by 4.26% as measured by the S&P/ASX 200 index on a total return basis, as global economies continued to recover from the COVID-19 pandemic. Similar to the tone in international markets, sentiment in the Australian market was generally optimistic, despite some underlying pockets of concern. This was aided by a strong half-yearly company reporting season, which produced mostly good results relative to the prior period. Many companies' earnings bounced back significantly towards (and in some cases beyond) their pre-COVID levels, leading some businesses to increase dividends and reintroduce forward guidance. The retail and mining sectors were standout sectors for strong results. Banks were also able to reduce some of their bad debt provisions. The global theme of rotation from growth and technology-orientated stocks towards value and cyclical stocks also prevailed in the domestic market. While Australia still appears well placed in a global sense to emerge strongly from the COVID-19 crisis, concerns around wages growth and inflation levels remain, which was reflected in comments from the RBA who reiterated they would continue their stimulatory policy strategy for as long as necessary, which helped support the market. Concerns around Australia's debt levels also remain a talking point.

Outlook

Australian shares will likely continue to be strongly influenced by global markets and events. The hope is that, now the COVID-19 vaccination programme has started to roll out, the economy will be able to return to more normalised growth in a reasonable timeframe, boosting business and consumer confidence. Australia's greater degree of government stimulus (relative to other countries) and low COVID-19 cases from an international perspective should aid the recovery process. However, soured trade relations with China and a continued lack of medium-term earnings visibility for many companies remain a spectre. In addition, the upcoming wind-down in government support programmes will add to uncertainty. Given the large equity price rises post the large pandemic-induced correction early in 2020, there is an increased risk of a correction, 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
Flexible Lifetime - Investments (Series 1)	AMP0828AU**
Flexible Lifetime - Investments (Series 2)	AMP1445AU**

**Closed to new and existing investors

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