

# Future Directions Asian Share

## Quarterly Investment Option Update

31 March 2021

### Aim and Strategy

To provide high returns over the long term, while accepting a higher level of volatility, through a diversified portfolio of international shares within the Asia (ex-Japan) universe. The objective is to provide a total return, after costs and before tax, above the return from the MSCI All Country Asia ex Japan Net Index on a rolling 3 to 5 years basis.

### 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>	Very High
<b>Investment style</b>	Active
<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	96.20
Listed Property and Infrastructure	0.65
Cash	3.15

<b>Sector Allocation</b>	<b>%</b>
Information Technology	30.16
Financials	18.78
Consumer Discretionary	15.57
Communication Services	10.04
Materials	6.41
Industrials	5.34
Health Care	3.90
Cash	3.15
Consumer Staples	2.39
Utilities	1.83
Real Estate	1.28
Energy	1.16

<b>Top Holdings</b>	<b>%</b>
TSMC	8.03
Samsung Electronics Co Ltd	7.28
Tencent Holdings Ltd	7.22
Alibaba Group Holding Ltd	4.99
AIA Group Ltd	2.14
HKEX	2.12
PING AN	1.94
Hana Financial Group Inc	1.86
DBS GROUP HOLDINGS LTD	1.83
Infosys Ltd	1.77

<b>Region Allocation</b>	<b>%</b>
Asia ex Japan	96.85
Cash	3.15

## Fund Performance

The Fund posted a strong positive return (before fees) and significantly outperformed its benchmark during the March quarter. Both underlying managers gained ground during the period and outperformed the benchmark, with Lazard faring relatively better than NinetyOne. The Fund continues to outperform over the long term, including over 5 years (annualised). (All returns are before fees.)

Stock selection was the main driver of the Fund's relative returns, while country allocation (excluding cash) was broadly neutral for relative performance.

At the country level, an overweight position in Taiwan and underweight exposure in Malaysia were the main contributors, while the underweight exposures to Thailand and Hong Kong were the main detractors.

Sector allocation (excluding the cash position) added value. The underweight position in consumer discretionary and overweight position in information technology were the main contributors, outweighing the negative effects of the underweight exposure to real estate.

At the security level, a significant contributor to relative returns was an overweight position in Korean financial services company Hana Financial Group (+20%). The company saw its share price strengthen on expectations of rising net interest margins and low credit costs, following pre-emptive provisioning made by the company in 2020. Other contributors included overweight positions in Korean-based car manufacturer Kia Corporation (+29%) and Taiwan Semiconductor Manufacturing (+10%).

The main detractor from relative returns was an overweight position in solar glass maker Xinyi Solar Holdings (-36%), which suffered alongside peer companies on concerns that increased solar glass capacity may impact product pricing. Other detractors included overweight holdings in Chinese e-commerce company Alibaba Group (-4%) and Chinese electrical appliance manufacturer Midea Group (-16%).

## Market Review

Global shares rose over the March quarter, with the MSCI World ex Australia index finishing up by 6.17%. The quarter saw one of the most significant style rotations seen in many years, as money flowed out of mega-cap growth and 'stay-at-home' stocks into long underappreciated, value-oriented stocks. This move was accompanied by a dramatic surge in bond yields, as global fixed interest markets continued to price in a sustained recovery in economic growth. Key drivers of the market's continued push higher included a resolution to the US election at the start of the year, which subsequently paved the way for further, massive levels of US fiscal stimulus, as well as the success of vaccine rollouts in the US and UK. The ongoing dovishness of central banks and global governments is continuing to provide large amounts of additional stimulus which also stoked optimistic sentiment in equities markets. Volatility however increased in the latter part of the quarter, as fears remained around bond yields continuing to rapidly climb. Emerging markets also rose amid the continuing global recovery, but less so than their developed counterparts over the quarter, as markets continued to expect the US recovery to outpace emerging countries over the medium term. Emerging markets indices closed the period up, however they still underperformed their developed market counterparts. Within Asia, Taiwan, Singapore, Hong Kong and India outperformed, whilst other countries largely consolidated (All indices are quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

With valuations remaining stretched in many areas, and upward pressure on bond yields and inflationary concerns as further stimulus packages are rolled out, the medium-term outlook for international equities remains difficult to predict. Elevated volatility is likely to remain. Following America's most recent US\$1.9 trillion plan, the market awaits more in-depth details of the Biden administration's infrastructure plan and how this will impact policies, tax codes, and corporate America in general. We continue to believe investors should exercise caution, particularly where prices have risen quickly, and where valuations factor in perfection. Amid changing consumer dynamics, many companies will likely face challenging conditions for some time, while stronger businesses are likely to emerge post the COVID-19 vaccine implementation with gained market share. Governments generally continue to implement supportive monetary and, to an increasing extent, fiscal programmes to ease shorter-term economic stress. The hope is that post vaccine rollout, economies will be resilient enough to return to growth relatively quickly. However, recently there have been signs of further waves of pandemic breakouts with different strains, which will add to uncertainty. Despite uncertainty in the shorter term, 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

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well over the long-term.



## Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1344AU*
AMP Flexible Super - Super	AMP1473AU*
CustomSuper	AMP1197AU*
Flexible Lifetime - Allocated Pension	AMP1201AU*
Flexible Lifetime - Investments (Series 1)	AMP1205AU**
Flexible Lifetime - Investments (Series 2)	AMP1408AU**
Flexible Lifetime - Super	AMP1197AU*
SignatureSuper	AMP1211AU*
SignatureSuper - Allocated Pension	AMP1220AU*

\*Closed to new investors

\*\*Closed to new and existing investors

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