

Arrowstreet Global Equity

Quarterly Investment Option Update

31 March 2021

Aim and Strategy

To achieve a long-term total return (before fees and expenses) that exceeds the MSCI All Country World ex-Australia Index, in Australian dollars unhedged with net dividends reinvested. The portfolio provides exposure to a diversified portfolio of global equities which may include securities listed in emerging markets as well as securities of small capitalisation companies. The option will not invest in 'tobacco' securities as defined by Global Industry Classification Standards (GICS) and 'controversial weapon' securities as defined by MSCI, Inc. The option is actively managed using a quantitative approach and stock selection modelling to evaluate securities on an integrated basis to exploit tactical opportunities across different factors with the aim of controlling risk relative to its benchmark and maximising the likelihood of outperforming its benchmark. Arrowstreet's stock selection models are designed to:

- understand what information is likely to impact stock prices and obtain the information to forecast individual stock returns by evaluating a stock's potential on the basis of a diverse set of direct and indirect effects, and
- identify particular signals or segments of the market that exhibit the greatest mispricing (or inefficiencies) at any point in time.

The option may use derivatives to manage currency risk arising from differences in the currency weights of the portfolio's investments compared to its benchmark. The portfolio's exposure to foreign currencies is not hedged back to Australian dollars.

Investment Option Performance

To view the latest investment performances for each product please visit amp.com.au/performance

Investment Option Overview

Investment Category	Global Shares
Suggested Investment timeframe	7+ years
Relative risk rating	6 / High
Investment style	Core
Manager Style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	99.35
Cash	0	0.65

Sector Allocation	%
Information Technology	27.45
Consumer Discretionary	16.75
Financials	9.77
Materials	9.40
Communication Services	8.55
Energy	7.19
Health Care	6.97
Consumer Staples	6.54
Industrials	6.01
Utilities	0.37
Real Estate	0.34

Top Holdings	%
Amazon.Com Inc.	4.03
Johnson & Johnson	2.73
Microsoft Corp.	2.17
Alphabet Inc.	2.15
Samsung Electronics	2.11
Berkshire Hathaway	1.79
Micron Technology Inc.	1.75
Apple Inc.	1.34
ASML Holdings	1.20
Procter & Gamble Co.	1.19

Investment Option Summary

Relative to the Benchmark, Consumer Discretionary was the largest sector contributor to performance over the quarter, as a result of positive selection within both US Consumer Discretionary and Italian Consumer Discretionary, while Information Technology also contributed strongly on a relative basis, owing to positive selection in US IT. Industrials was the largest sector detractor on a relative basis, driven by underweight positioning in US Industrials.

The US was the top country contributor on a relative basis, driven by positive selection within US IT and US Consumer Discretionary, as mentioned. Hong Kong was also a strong relative contributor, as a result of positive selection in Hong Kong Financials. France was the largest country detractor, owing to negative selection in French Consumer Discretionary.

Arrowstreet employs a quantitative benchmark-aware approach, dynamically taking overweight and underweight positions in countries, sectors, and individual stocks, with the aim of achieving long-term outperformance of the Benchmark. Arrowstreet's core investment style seeks to outperform during a broad range of market environments, and its systematic quantitative approach allows Arrowstreet to react quickly through market volatility.

Market Commentary

Equity markets were positive in the first quarter of 2021 amid bullishness about the recovery from the COVID crisis. While virus cases continued to rise and a number of countries, particularly in Europe, remained locked down, an end to the pandemic was finally in sight as populations became increasingly vaccinated. North America led market gains as vaccination efforts outpaced other regions, and the economy remained largely open. Along with re-opening optimism, reflation was a prevailing market theme. A large fiscal stimulus package passed in the US in March, and while central banks largely remained accommodative, rhetoric started to turn incrementally more hawkish. Furthermore, economic growth continued to recover from the lows experienced approximately one year prior. As a result, given higher inflation and demand expectations, yield curves steepened, commodities such as oil and copper rose significantly, and equity sectors diverged, with rate-sensitive stocks underperforming. While market volatility fell during the quarter, ending March near pre-COVID lows, there were several short spikes, most notably in late January when retail investors sparked a trading frenzy in a small group of stocks, such as Gamestop, that led to short squeezes and large losses for some investors.

Availability

Product Name	APIR Code
AMP Flexible Super - Super	AMP1578AU
AMP Flexible Super - Retirement	AMP1590AU
CustomSuper	AMP1530AU
Flexible Lifetime - Super	AMP1530AU
Flexible Lifetime - Allocated Pension	AMP1542AU
SignatureSuper	AMP1554AU
SignatureSuper - Allocated Pension	AMP1566AU

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