

Arrowstreet Global Equity

Quarterly Investment Option Update

30 June 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	100.00	94.25
Cash	0.00	5.75

Sector Allocation	%
Information Technology	27.81
Consumer Discretionary	13.97
Financials	13.65
Materials	8.82
Communication Services	8.53
Health Care	6.48
Industrials	5.53
Consumer Staples	4.39
Energy	4.28
Real Estate	0.39
Utilities	0.38

Top Holdings	%
Microsoft Corp.	4.58
Alphabet Inc.	3.66
Amazon.Com Inc.	2.52
Berkshire Hathaway	2.40
Sberbank Of Russia	2.37
Johnson & Johnson	2.13
Samsung Electronics	2.08
Salesforce.Com Inc.	1.56
Apple Inc.	1.19
Walmart Inc.	1.15

Investment Option Summary

Relative to the Benchmark, Industrials was the largest sector contributor to performance over the quarter, as a result of overweight positioning in Taiwanese Industrials and underweight positioning in US Industrials. Information Technology was the largest sector detractor on a relative basis, driven by overweight positioning in Japanese IT and stock selection in US IT, while Health Care was also a relative detractor, owing to stock selection in US Health Care.

Russia was the top country contributor on a relative basis, driven by overweight positioning in Russian Financials. Japan was the largest country detractor, owing to overweight positioning and stock selection in Japanese Financials and Japanese Materials.

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 reached new highs in a number of regions in the second quarter, led by North America and Europe, and volatility fell to near pre-COVID-19 lows. Reflation and recovery remained the prevailing market themes as COVID-19 vaccines were rolled out successfully in many countries, and economic data remained in expansionary territory. Despite a number of countries introducing new lockdowns and restrictions at the end of the quarter, market sentiment remained largely positive. Fiscal stimulus measures continued to support risk assets. Central banks generally kept benchmark interest rates low and large-scale asset purchase programs in place, but with key indicators signalling that job markets and prices were heating up, discussions have turned to when, rather than if, banks will taper the pace of quantitative easing and raise rates. However, after a number of alarming inflation prints, central bank officials calmed markets by suggesting that quickening inflation was transitory, and therefore accommodative policies would not be halted prematurely. This rhetoric tamed the sharp rise in interest rates seen in the prior quarter, and in a number of developed markets, such as the US and Japan, rates fell significantly from first quarter highs. On the other hand, commodities, particularly oil, rose significantly amid demand resurgence and supply constraints.

Availability

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

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