

AMP Australian Share

Quarterly Investment Option Update

30 September 2021

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3 year basis. The portfolio uses a number of diverse styles.

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 to 7 years
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	8.50
Australian Shares	81.69
Listed Property and Infrastructure	7.32
Cash	2.49

Sector Allocation	%
Financials	30.28
Materials	19.41
Consumer Discretionary	9.42
Health Care	9.39
Industrials	6.41
Energy	5.51
Real Estate	5.10
Communication Services	4.73
Consumer Staples	4.66
Information Technology	3.66
Cash	0.87
Utilities	0.55

Top Holdings	%
COMMONWEALTH BANK AUST	8.04
BHP Group Ltd	5.39
CSL Ltd	5.38
National Australia Bank Ltd	4.32
Macquarie Group Ltd	3.59
WESTPAC BANKING CORP	3.22
Australia & New Zealand Banking Group Ltd	3.20
Wesfarmers Ltd	2.96
Woolworths Group Ltd	2.67
Aristocrat Leisure Ltd	2.50

Fund Performance

The Fund underperformed the S&P/ASX 200 Accumulation Index benchmark during the September quarter. For the quarter, Alpha was overall positive – Sentiment being the main contributor (Revisions, Broker Recs and Tone all solid) while positives for Value and Volatility offset negatives for Quality and Trading. The Fund maintains a neutral exposure to sectors, size and market beta.

The largest positive stock-level contributor came from an overweight position in South32 Limited, which operates as a diversified metals and mining company. During the period the aluminium price rallied which buoyed South32's share price given their exposure to this commodity. The Fund is overweight South32 compared to the benchmark and this contributed positively to the relative performance for the quarter.

The largest stock-level detractor came from the Fund's underweight position in Domino's Pizza Enterprises. Domino's is a food retailer operating a pizza chain both domestically and internationally and have benefited from COVID lockdowns with consumers having to eat at home. Being underweight the stock relative to the benchmark negatively impacted relative performance.

Market Review

Australian shares continued to rise through July and August to new record highs, before pulling back in September in line with global volatility to finish the quarter up by 1.71%, as measured by the S&P/ASX 200 index on a total return basis, with dividends being a major contributor to the index's return. Capital management activity was a feature through the quarter, reflected in announcements of significant dividend increases, buybacks and takeovers. The August reporting season was generally positive, with many companies reporting strong revenue and earnings growth, though outlook statements unsurprisingly remained cloudy in nature as the pandemic continues to play out. Keeping a lid on further optimism however were several lockdowns around the country, which continued to heavily hit employment and growth. During September, share prices were also impacted by broader global concerns such as Chinese growth, volatile commodity prices, solvency concerns for Chinese property developer, China Evergrande Group and US-centred inflationary concerns. On a sector basis performance was quite divergent over the quarter. Energy stocks were strong performers amid soaring energy commodity prices, due to global supply issues. Materials stocks however were weak performers, mainly due to Chinese demand concerns for the medium-term.

Outlook

Australian equities will likely continue to be primarily influenced by global markets, however the economic backdrop is complicated by shifting domestic policy on handling the pandemic amid further lockdowns. While the vaccine rollout has accelerated markedly, Australia remains largely closed-off relative to much of the world and the issue of different attitudes towards reopening between state governments is likely to continue to cause uncertainty.

Despite this, 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, even though it is now taking longer than some originally anticipated. Large equity price rises since the height of the COVID-19 market-panic in early 2020 have likely increased the risk of a correction, though bullish sentiment pulled back somewhat in September, which is positive from a contrarian perspective. Stepping back to a longer-term timeframe, we believe the trend is likely to remain up, though with some bumps on the way, as is usually the case in stock markets. We continue to believe investors should be selective and, as always, maintain a longer-term perspective.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1320AU*
AMP Flexible Super - Super	AMP1450AU*
CustomSuper	AMP0163AU*
Flexible Lifetime - Allocated Pension	AMP0591AU*
Flexible Lifetime - Super	AMP0163AU*
Flexible Lifetime - Term Pension	AMP0891AU*
SignatureSuper	AMP0739AU*
SignatureSuper - Allocated Pension	AMP1129AU*

*Closed to new investors

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