

AMP Capital Equity

Quarterly Investment Option Update

30 September 2021

Aim and Strategy

To provide investors with long-term capital growth through investment in a portfolio of Australian securities, listed or about to be listed, on the Australian Securities Exchange. Investment is diversified across a range of industries and sectors, with a focus on the largest 200 companies. In constructing the portfolio, AMP Capital employs a systematic rules-based approach where no individual stock fundamental analysis is conducted and the investment team use large sets of data to analyse stocks through intelligent screening methods. Passive, enhanced

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	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
International Shares	4.74
Australian Shares	83.00
Listed Property and Infrastructure	10.51
Cash	1.76

Sector Allocation	%
Financials	31.08
Materials	17.18
Health Care	10.20
Consumer Discretionary	8.40
Industrials	7.83
Real Estate	6.76
Consumer Staples	5.18
Information Technology	4.50
Communication Services	4.01
Energy	3.25
Utilities	1.44
Cash	0.19

Top Holdings	%
COMMONWEALTH BANK AUST	8.84
CSL Ltd	6.22
BHP Group Ltd	5.13
National Australia Bank Ltd	4.48
WESTPAC BANKING CORP	4.45
Australia & New Zealand Banking Group Ltd	3.65
Macquarie Group Ltd	3.12
Wesfarmers Ltd	2.90
Telstra Corp Ltd	2.11
Transurban Group	2.10

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	AMP1324AU*
AMP Flexible Super - Super	AMP1454AU*
CustomSuper	AMP0468AU*
Flexible Lifetime - Allocated Pension	AMP0598AU*
Flexible Lifetime - Investments (Series 1)	AMP0018AU**
Flexible Lifetime - Investments (Series 2)	AMP1394AU**
Flexible Lifetime - Super	AMP0468AU*
Flexible Lifetime - Term Pension	AMP0898AU*
SignatureSuper	AMP2047AU*
SignatureSuper - Allocated Pension	AMP2048AU*
SignatureSuper Select	AMP1303AU

*Closed to new investors

**Closed to new and existing investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying investment manager only and not necessarily the views of AMP Limited ABN 49 079 354 519 (AMP Group). No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM) and/or ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement (PDS) for the relevant product, available from the issuer or your financial planner.

Any advice in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in. The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, AMPCFM, ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.