

AMP Capital Equity Income Generator

Quarterly Investment Option Update

30 September 2021

Aim and Strategy

To provide annual dividend income (including franking credits) above the dividend income of the performance benchmark, the S&P/ASX 200 Accumulation Index (adjusted to include franking credits). The option also aims to provide a total return (including franking credits) in excess of the performance benchmark on a rolling 5 year basis. The option invests in an actively managed portfolio of Australian securities listed, or about to be listed, on the Australian Securities Exchange. The strategy also aims to provide these returns with a lower volatility than the broader Australian equity market.

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	4.81
Australian Shares	84.49
Listed Property and Infrastructure	10.50
Cash	0.20

Sector Allocation	%
Financials	25.81
Materials	19.83
Health Care	12.70
Consumer Staples	8.53
Real Estate	8.47
Consumer Discretionary	6.42
Industrials	5.75
Energy	5.50
Communication Services	3.72
Utilities	3.07
Cash	1.09

Top Holdings	%
COMMONWEALTH BANK AUST	7.25
Woolworths Group Ltd	4.87
Virgin Money UK PLC	4.81
BHP Group Ltd	4.26
South32 Ltd	4.09
Genworth Mortgage Insurance Au	3.89
Ramsay Health Care Ltd	3.62
Regis Healthcare Ltd	3.40
AUB Group Ltd	3.34
Estia Health Ltd	3.28

Fund Performance

Australian shares continued to rise through July and August to new record highs, before pulling back in September amid global volatility, to finish the quarter up by 1.71% as measured by the S&P/ASX 200 index on a total return basis. Dividends were 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.

Portfolio Positioning

Our Mining and Energy position has started to fire and drove the Fund's positive relative performance for the period, with energy commodities rocketing, as shortages appeared globally as the northern hemisphere enters winter. Offsetting this, we saw some relative underperformance from retail and gaming sector, which was impacted by the various state-based lockdowns.

We continue to favour sectors and stocks which we believe provide a desirable mix of good dividend growth potential and leverage to an economic recovery. The Fund aims to invest in sectors and companies with reliable income streams and or reasonable dividend growth prospects in the medium-term. This underpins the objective of delivering a stable tax-effective income to investors and, we believe, ultimately creates a more robust portfolio during different market cycles.

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	AMP9037AU
AMP Flexible Super - Super	AMP9035AU
CustomSuper	AMP9036AU
Flexible Lifetime - Allocated Pension	AMP9038AU
Flexible Lifetime - Investments (Series 2)	AMP2044AU**
Flexible Lifetime - Super	AMP9036AU
SignatureSuper	AMP9039AU
SignatureSuper - Allocated Pension	AMP9040AU

**Closed to new and existing investors

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