



AMP International Share Enhanced Index

Quarterly Investment Option Update

30 September 2021

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, higher than the return from the benchmark on a rolling 12-month basis. The portfolio invests in international shares and partially replicates the MSCI World (ex-Australia) (ex Tobacco) Index. Some of the portfolio's underlying managers may use short selling with the aim of implementing the investment objectives. The investment option may be geared, but in normal circumstances, the investment option will be no more than 100% exposed to international share market movements, after taking into account derivative positions. In normal circumstances, the investment option is unhedged to Australian dollars.

Investment Option Performance

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

Investment Option Overview

| | |
|---|----------------|
| Investment category | Global Shares |
| Suggested minimum investment timeframe | 7 years |
| Relative risk rating | High |
| Investment style | Enhanced Index |
| Manager style | Multi-manager |

| Asset Allocation | Benchmark (%) |
|-------------------------|----------------------|
| International shares | 100 |
| Cash | 0 |

| Actual Allocation | % |
|------------------------------------|----------|
| International Shares | 94.41 |
| Australian Shares | 0.30 |
| Listed Property and Infrastructure | 2.33 |
| International Fixed Interest | 0.00 |
| Cash | 2.95 |

| Sector Allocation | % |
|--------------------------|----------|
| Information Technology | 21.13 |
| Financials | 13.41 |
| Consumer Discretionary | 12.10 |
| Health Care | 11.73 |
| Industrials | 10.40 |
| Communication Services | 8.50 |
| Consumer Staples | 6.06 |
| Materials | 3.89 |
| Energy | 2.84 |
| Utilities | 2.82 |
| Real Estate | 2.56 |
| Futures | 1.69 |
| Unit Trust | 1.67 |
| Cash | 1.19 |
| Others | 0.00 |

| Top Holdings | % |
|---|-------|
| Microsoft Corp | 3.60 |
| APPLE INC | 2.83 |
| Amazon.com Inc | 2.63 |
| Alphabet Inc | 2.40 |
| HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND | 1.67 |
| Meta Platforms Inc | 1.45 |
| Tesla Inc | 0.96 |
| NVIDIA Corp | 0.82 |
| JPMORGAN CHASE & CO | 0.79 |
| Procter & Gamble Co/The | 0.67 |
| Region Allocation | % |
| North America | 69.65 |
| Europe ex UK | 14.79 |
| Japan | 6.85 |
| United Kingdom | 4.35 |
| Cash | 2.95 |
| Asia ex Japan | 1.36 |
| Australasia | 0.05 |

Market Review

International shares posted another quarter of gains, rising by 0.58% as measured by the MSCI World ex Australia index during the September quarter. Through July and August, markets remained buoyant driven by global reopening and the ongoing recovery. Economic and corporate fundamentals continued remained solid, particularly in the US, where earnings generally surprised on the upside through the 6-monthly reporting season and strong US employment data was released. As the quarter drew on into September however, a marked turn in sentiment was evident, emanating from a combination of factors including inflation concerns, volatile commodity prices reflecting slowing Chinese demand for steel, and global supply issues creating turbulence for energy resource prices. Adding further to the bearish turn in sentiment were solvency concerns with a major Chinese property developer, China Evergrande Group, and the perceived threat of an international spill-over. Emerging markets meanwhile fell by 6.69%, as measured by the MSCI Emerging Markets index, underperforming developed markets amid concerns around Chinese economic growth and regulatory risks, volatile commodity prices, vaccination challenges and further inflation concerns. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

The economic backdrop remains complicated. Uncertainty over the persistency of inflationary pressures, ongoing stimulus packages, the US Federal Reserve's timeline for tapering and stretched valuations in some areas, continue to muddy the market's interpretation of future events, with a fluid risk on/risk off bias. Thus, the medium-term outlook for international equities remains difficult to predict. The environment is further complicated by some supply-demand mismatches, where it is difficult to ascertain with any degree of certainty what will be shorter-term and what will prove to be more secular in nature. Likely tax hikes from the Biden administration will also impact US earnings.

With changing consumer dynamics, many companies will likely face challenging conditions for some time yet, while stronger businesses are likely to emerge post the COVID-19 vaccine implementation with gained market share. Despite some inflationary concerns, governments generally continue to implement supportive monetary and fiscal programmes to ease shorter-term economic stress. The hope is that post the vaccine rollout, economies will be resilient enough to return to sustainable growth relatively quickly. Although the shorter-term environment remains uncertain, we believe the longer-term trend will remain to the upside. Investors with a diversified portfolio of quality businesses, bought at a reasonable price, are likely to do well over the longer-term.

Availability

| Product Name | APIR |
|--|-------------|
| Flexible Lifetime - Investments (Series 1) | AMP0994AU** |
| Flexible Lifetime - Investments (Series 2) | AMP1396AU** |

**Closed to new and existing investors

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