

# AMP Australian Share

## Quarterly Investment Option Update

31 December 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](http://www.amp.com.au/performance)

### Investment Option Overview

|   |                   |
|---|-------------------|
| <b>Investment category</b>                    | Australian Shares |
| <b>Suggested minimum investment timeframe</b> | 5 to 7 years      |
| <b>Relative risk rating</b>                   | Very high         |
| <b>Investment style</b>                       | Active            |
| <b>Manager style</b>                          | Multi-manager     |

| <b>Asset Allocation</b> | <b>Benchmark (%)</b> |
|-------------------------|----------------------|
| Australian shares       | 100                  |
| Cash                    | 0                    |

| <b>Actual Allocation</b>           | <b>%</b> |
|------------------------------------|----------|
| International Shares               | 8.96     |
| Australian Shares                  | 81.05    |
| Listed Property and Infrastructure | 8.29     |
| Cash                               | 1.70     |

| <b>Sector Allocation</b> | <b>%</b> |
|--------------------------|----------|
| Financials               | 27.92    |
| Materials                | 21.66    |
| Health Care              | 9.67     |
| Consumer Discretionary   | 9.23     |
| Industrials              | 6.06     |
| Real Estate              | 5.99     |
| Communication Services   | 5.10     |
| Energy                   | 4.93     |
| Consumer Staples         | 4.41     |
| Information Technology   | 3.34     |
| Cash                     | 1.22     |
| Utilities                | 0.48     |

| <b>Top Holdings</b>                       | <b>%</b> |
|---|----------|
| COMMONWEALTH BANK AUST                    | 6.59     |
| BHP Group Ltd                             | 6.08     |
| CSL Ltd                                   | 5.34     |
| National Australia Bank Ltd               | 4.38     |
| Macquarie Group Ltd                       | 4.06     |
| Australia & New Zealand Banking Group Ltd | 3.14     |
| Wesfarmers Ltd                            | 2.84     |
| Westpac Banking Corp                      | 2.50     |
| Aristocrat Leisure Ltd                    | 2.47     |
| Telstra Corp Ltd                          | 2.46     |

## Fund Performance

The Fund outperformed the S&P/ASX 200 Accumulation Index benchmark during the December quarter. The final quarter of 2021 proved to be a very good quarter for quantitative investing with many of the alpha factors having strong results. Predominantly from the Quality signals the most emphatic being free cashflow, retained earnings and proven profitability. Broker sentiment signals (Revisions and Tone) had a smaller but still positive contribution to the Alpha component of return. The Fund maintains a neutral exposure to sectors, size and market beta.

The largest positive stock-level contributor came from an overweight position in Metcash. Metcash is a marketing and distribution company operating in the food and other consumer goods sectors. Metcash gained from sentiment and earnings upgrades during the period with the hardware sector outperforming. Idiosyncratic benefits arose from the overweight in Metcash 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 Oz Minerals. Oz Minerals is an Australian based mining company with a focus on copper. During the period Oz Minerals gained on the back of the underlying commodity price increases and assets being leveraged to the electric vehicle market. Being underweight the stock relative to the benchmark negatively impacted relative performance.

## Market Review

Despite a strong international lead, Australian shares range-traded for much of the December quarter against a backdrop of mixed sentiment, before a small Santa Claus rally at year-end led the S&P/ASX 200 index to finish up by 2.09% on a total return basis. Economic data released throughout the quarter was generally consistent with a strong bounce-back following the removal of various Delta-wave lockdowns and restrictions prior to the period, though inflation continued to rise. The latest new COVID-19 variant, Omicron, meanwhile added uncertainty, though state governments have so far been somewhat more restrained with reintroducing restrictions amid high vaccination rates, as well as growing fatigue towards restrictions in general from the public. Given the global inflationary environment, speculation on future interest rate rises was a theme, which impacted sentiment towards some sectors. At a sector level, materials and utilities were the clear outperformers, likely owing respectively to rising commodity prices and a growing search for shelter from inflation. Energy and information technology (IT) meanwhile pulled back over the period, as some pessimism spilled over from global markets amid ongoing supply constraints as well as some specific overseas IT company issues.

## Outlook

With national vaccination levels now high and international borders more open (albeit with some limitations and restrictions), businesses confidence has improved significantly relative to earlier in the pandemic. However, this continues to be complicated by different attitudes towards reopening between state governments, which will continue to undermine confidence until resolved. Similar to overseas, domestic inflation remains a concern, with the Reserve Bank of Australia (RBA) now subtly suggesting it may raise rates a little earlier than initially expected, though also reiterating it will not be rushed. Corporate earnings and growth, meanwhile, remain generally solid. Stepping back to a longer-term timeframe, we believe the market will ultimately continue to rise, though with some bumps on the way, as is usually the case. We continue to believe investors should be selective and, as always, maintain a longer-term perspective.

---

## Availability

| Product Name                       | APIR       |
|------------------------------------|------------|
| SignatureSuper                     | AMP0739AU* |
| SignatureSuper - Allocated Pension | AMP1129AU* |
| SignatureSuper Term Pension        | AMP1129AU* |

\*Closed to new investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto: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.