AMP International Share

Quarterly Investment Option Update

31 December 2021

Aim and Strategy

To provide total returns (income and growth) after costs and before tax, above the performance benchmark on a rolling 3-year basis. The benchmark is the MSCI World (ex Tobacco) Index NR in AUD. The portfolio provides investors with access to international shares, and exposure to a range of international share managers. Generally the portfolio is unhedged to Australian dollars. Currency exposures are individually managed by the underlying investment managers

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	5 years
Relative risk rating	Very High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Global shares	100
Cash	0

Actual Allocation	%
International Shares	95.06
Australian Shares	0.58
Listed Property and Infrastructure	1.46
Cash	2.90

Sector Allocation	%
Information Technology	21.25
Financials	13.26
Consumer Discretionary	11.90
Industrials	10.48
Health Care	10.09
Communication Services	10.06
Consumer Staples	7.14
Materials	5.28
Energy	3.91
Cash	2.01
Real Estate	1.87
Utilities	1.82
Futures	0.93

Top Holdings	%
Microsoft Corp	4.29
Alphabet Inc	3.53
Meta Platforms Inc	1.40
Amazon.com Inc	1.34
ASML Holding NV	1.18
Visa Inc	1.13
Netflix Inc	1.12
PepsiCo Inc	1.05
NetEase Inc	1.01
Mastercard Inc	0.96

Region Allocation	%
North America	60.65
Europe ex UK	15.82
Japan	7.25
Asia ex Japan	5.83
United Kingdom	5.57
Cash	2.90
Others	1.30
Australasia	0.68

Fund Performance

The Fund posted a positive return but underperformed its benchmark during the December quarter. Led by Magellan and Schroders, all of the Fund's five underlying managers gained ground, however none outperformed their respective benchmarks. The Fund continues to outperform its benchmark over the long term, including since inception (annualised). (All returns are before fees.)

Country allocation detracted from relative returns over the period, primarily due to the Fund's exposures to emerging markets. Within developed markets, the main positive contributor an underweight exposure to Germany, however this was more than offset by the main detractors which were an underweight exposure to the US and being overweight to Japan. Emerging markets positions, in particular China and Russia also held back relative returns overall.

Sector allocation detracted overall from relative returns, primarily due to an underweight exposure to information technology and overweight to communication services, which more than offset the contributions from the overweight exposures to consumer discretionary and materials.

Stock selection also detracted from relative returns, particularly positions in information technology and consumer discretionary stocks, while positions in health care and communication services stocks contributed positively.

The largest individual stock detractors were the underweight positions in Apple and NVIDIA Corporation and the nil holding in Tesla.

US-based technology company Apple (+25%) rose as the market welcomed speculation that the company was planning to release the next generation iPhone SE in the March 2022 quarter. US-based specialist technology company NVIDIA Corporation stock price soared (+41%) after several broking analysts upgraded the company's prospects in the lead up to the company's annual GPU Technology Conference, where it released its Omniverse Enterprise platform which is expected to be a major beneficiary of the metaverse, with Meta (formerly Facebook) expected to ramp up its capital spending over the next year. US-based automaker and energy storage company Tesla's stock price rose (+36%) on its third quarter results and an analyst upgrade, and on news of a deal to sell 100,000 electric vehicles to rental car company Hertz Global.

The largest individual stock contributors were underweight exposure to Amazon.com and Moderna and the nil holding in JPMorgan Chase.

Online retailer and cloud services provider Amazon.com (+1%) saw its share price come under pressure relative to the broader market after the company reported results for the September quarter which included slowing sales growth as supply chain constraints and consumers returning to physical stores hampered revenue and earnings. Shares in US-based RNA vaccine producer Moderna (-34%) suffered after the company announced its results for the September quarter where its earnings and revenue were lower than investors expected, due to lower volumes of COVID-19 vaccine deliveries, which also saw the company also cut its guidance for full year 2021 revenue. Financial services and investment banking company JPMorgan Chase languished (-3%) as some uncertainty around the potential impacts of the Omicron variant on economic activity and flow-through to parts of the banks operations were exacerbated by news later in the period that the company would pay a settlement to resolve US regulatory investigations into lapses of surveillance of employee communications.

Market Review

Global share markets continued to steam ahead over the December quarter, with the MSCI World ex Australia index gaining 8.25% for the period. As is often the case with equity markets, strong gains came despite significant prevailing fears and concerns, which over this period centred around inflation and the monetary path ahead for central banks, and, to a lesser degree, the Omicron COVID-19 variant. US inflation was shown to be at 6.8% over the year to November, a multi-decade high, with many other nations recording similar spikes. Ironically however, a growing degree of acceptance of the prevailing inflationary environment may have started to remove some uncertainty, as investors increasingly look to allocate cash to companies with pricing power and thus potentially provide some shelter from the increasing cost of living. Reports of the new Omicron variant mid-quarter gave markets an initial scare, though positive momentum was quickly recovered amid signs symptoms were generally milder in nature, despite the variant being considerably more infectious, and a growing realisation that further new variants will almost certainly be an ongoing endemic feature, rather than something to be surprised by. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

Uncertainty over the persistence of inflationary pressures remains a prime focus going forward, particularly when taken into account with record debt-levels across the globe presenting obvious difficulties as central banks begin to raise interest rates. Meanwhile, corporate earnings remain generally strong and growing, as companies continue to recover from the COVID downturn. Thus, the medium-term outlook for international equities is still difficult to predict. Supply-demand mismatches also remain. Likely tax hikes from the Biden administration are a further issue on the horizon which will impact earnings, although currently proposed increases are less than initially feared, so the hit to earnings may be smaller than initially thought. Business with power to raise prices should do relatively well in an inflationary environment. While more governments may raise rates over the next year or so, this is likely to be done slowly, and may even remove some market uncertainty. While the shorter-term environment remains uncertain, we continue to believe the longer-term trend will remain to the upside, and that 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
SignatureSuper	AMP9556AU*
SignatureSuper - Allocated Pension	AMP5642AU*
SignatureSuper Term Pension	AMP5642AU*

*Closed to new investors

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