

Australian Share Index

Quarterly Investment Option Update

30 September 2022

Aim and Strategy

The strategy aims to provide returns that closely match the S&P/ASX 300 Accumulation Index with net dividends reinvested before fees and taxes. Exposure to the Australian shares asset class will be attained through the use of low cost index-focused investment managers.

Investment Option Performance

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

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	7 years
Relative risk rating	7/ Very High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
International Shares	3.71
Australian Shares	87.14
Listed Property and Infrastructure	8.29
Cash	0.86

Sector Allocation	%
Financials	27.75
Materials	23.25
Health Care	10.39
Consumer Discretionary	6.50
Energy	6.20
Real Estate	5.95
Industrials	5.92
Consumer Staples	5.00
Communication Services	3.89
Information Technology	3.13
Utilities	1.21
Futures	0.74
Cash	0.07

Top Holdings	%
BHP Group Ltd	9.77
COMMONWEALTH BANK AUST	7.76
CSL Ltd	6.88
National Australia Bank Ltd	4.59
Westpac Banking Corp	3.62
Australia & New Zealand Banking Group Ltd	3.42
Woodside Energy Group Ltd	3.02
Macquarie Group Ltd	2.79
Wesfarmers Ltd	2.44
Telstra Corp Ltd	2.22

Market Review

Australian shares rose through the first half of the September quarter, before pulling back by the end of the period, to finish up by just 0.4%, as measured by the S&P/ASX 200 index (on a total return basis). Dividends were responsible for the positive return, as on a price basis the market was in the red. Earlier in the quarter, optimism grew on hopes the RBA, along with other central banks, may not have to be quite as hawkish as expected, given some evidence inflation may be near a peak. While earnings reports in August showed reasonable earnings growth, outlooks from companies unsurprisingly called out cost pressures as a headwind in the difficult climate. Sentiment then waned through the latter stages of the quarter, as central banks overseas reaffirmed hawkish stances and resolve to prioritise addressing high inflation. In regard to sector performance, energy was the standout performer amid continued price rises, while the interest rate-sensitive utilities and real estate sectors performed poorly.

Outlook

Corporate earnings growth in Australia remains reasonable, though should be considered in real terms, given the ongoing high levels of inflation. Businesses remain focussed on cost pressures, which in many cases are being passed onto customers. Similar to overseas markets, inflation remains a prime concern, as consumers' ability to spend is gradually coming under more pressure amid continued rate hikes from the Reserve Bank of Australia (RBA). Meanwhile, the sharp downturn in Australian residential housing, where valuations remain very high despite recent falls, may continue for some time yet as interest rates normalise. However, the RBA has started slowing the pace of hikes in the last meeting, and current inflation and wage growth pressures are less prominent in Australia compared to other developed markets. Over the long-term, we believe the Australian shares will continue to rise, with volatility in the shorter-term likely to provide more opportunities.

Availability

Product Name	APIR
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SignatureSuper - Allocated Pension	AMP1136AU
SignatureSuper Term Pension	AMP1136AU

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