



AMP International Share Enhanced Index

Quarterly Investment Option Update

31 December 2022

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 this product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Global Shares
Suggested minimum investment timeframe	7 years
Standard Risk Measure	7/Very High
Investment style	Enhanced Index
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Global shares	100
Cash	0

Actual Allocation	%
International Shares	93.45
Australian Shares	0.15
Listed Property and Infrastructure	2.07
International Fixed Interest	0.00
Cash	4.33

Sector Allocation	%
Information Technology	18.66
Financials	15.42
Health Care	13.09
Industrials	10.40
Consumer Discretionary	9.84
Consumer Staples	6.65
Communication Services	6.12
Energy	5.55
Materials	4.39
Utilities	3.20
Real Estate	2.41
Cash	2.17
Futures	2.11
Others	0.00

Top Holdings	%
MICROSOFT CORP	3.38
APPLE INC	3.08
Alphabet Inc	2.22
Henderson Global Investors Ltd	1.84
Amazon.com Inc	1.62
UNITEDHEALTH GROUP INC	0.98
EXXON MOBIL CORPORATION	0.86
Tesla Inc	0.73
JPMORGAN CHASE & CO	0.71
Berkshire Hathaway Inc	0.70
Region Allocation	%
North America	69.67
Europe ex UK	14.22
Japan	6.15
United Kingdom	4.35
Cash	4.33
Asia ex Japan	1.25
Australasia	0.04

Fund Performance

This Fund is invested via three portfolios, managed by AQR Capital Management (AQR), Intech and Janus Henderson. Each is a low-tracking risk portfolio relative to the benchmark index, constructed using different approaches. These approaches are typically focused on identifying opportunities to add value relative to the benchmark, through risk-controlled, systematic processes. The three approaches employed are: factor signals, volatility capture and multi-strategy.

For the December quarter, the Fund produced a strong positive return, slightly outperforming its benchmark before fees. Our underlying managers all produced positive returns, with two out of three outperforming the benchmark.

Intech's relative volatility capture portfolio produced a strong return, though slightly underperformed the benchmark. The portfolio tends to overweight smaller stocks within the investment universe as due to their volatility, they tend to provide more value capture opportunities. Towards the end of the quarter, an underweight allocation to consumer staples and an overweight allocation to IT detracted from the portfolio's relative performance.

AQR's factor signals portfolio produced a strong return and outperformed the benchmark. The manager's global stock selection model drove the outperformance, particularly through European and Japanese holdings. Within the global asset allocation overlay, the country selection strategy added further value, while the currency selection detracted.

The allocation to Janus Henderson's portfolio meanwhile also produced a strong performance and slightly outperformed the benchmark, with the manager maintaining some solid long-term performance numbers.

Market Review

International sharemarkets rose over the December quarter, with volatility remaining elevated, as was the case through most of the calendar year. Shares made strong gains through October and November as markets began to factor in inflation showing signs of peaking and central banks accordingly toning back their hawkish commentary. December however saw shares pull back, amid a realisation that rates may still be higher for longer in order to keep inflation under control. Economic data, largely unsurprisingly, also became increasingly indicative of potential recessionary conditions ahead, though this is not guaranteed; and, for long-term investors, perhaps not materially important. Interestingly, shares continued to show a propensity to rise on negative economic data surprises and fall

on positives, highlighting the dominant role of the potential interest rate path in influencing short-term trading. The MSCI World ex Australia index finished the period up by 7.4% in local currency terms, or 3.9% in Australian dollar terms, given strength in the domestic currency through the quarter. Emerging markets were also strong over the period, returning 6.6%, with particular strength notable in Chinese, Korean and Taiwanese markets. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

As central banks continue to raise interest rates, markets appear to have factored in a strong likelihood of recession. Corporate earnings are facing headwinds, with increased costs eating into margins often reflected by downwards revisions to earnings estimates. Meanwhile, the continued push in the west away from traditional energy sources, such as oil and coal, is likely to continue to drive uncertainty in energy markets. In this environment, businesses with a strong competitive advantage and power to raise prices are likely to gain market share. Share price volatility tends to create stronger investment opportunities and we believe investors with a diversified portfolio of quality businesses, bought at a reasonable price, are likely to do relatively well in the long-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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