



Australian Share Index

Quarterly Investment Option Update

31 March 2023

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
Standard Risk Measure	7/Very High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Shares	100
Cash	0

Actual Allocation	%
Global Shares	3.52
Australian Shares	88.28
Listed Property and Infrastructure	8.22

Sector Allocation	%
Financials	26.73
Materials	25.62
Health Care	10.06
Industrials	6.88
Consumer Discretionary	6.68
Real Estate	5.98
Energy	5.48
Consumer Staples	4.89
Communication Services	4.03
Information Technology	2.23
Utilities	1.44

Top Holdings	%
BHP Group Ltd	10.75
COMMONWEALTH BANK AUST	7.46
CSL Ltd	6.25
NATIONAL AUSTRALIA BANK	3.91
WESTPAC BANKING CORP	3.41
Australia & New Zealand Banking Group Ltd	3.08
MACQUARIE GROUP LTD	2.86
Woodside Energy Group Ltd	2.84
WESFARMERS LTD	2.56
TELSTRA GROUP LTD	2.20

Fund Performance

The Fund produced a strong return for the March quarter, as markets climbed higher.

Market Review

Australian shares rose by 3.5% in the March quarter, as measured by the ASX200 total returns index. Local shares were driven by the same themes as the broader global market, with the likely path of central banks being the prime influence over economic fundamentals. In January, local shares gained ground on the belief central banks were close to easing off the brakes as inflation showed further signs of moderating. February however saw some shine taken off markets as central banks re-emphasised their priority to deal with inflation above other factors. March subsequently saw a marked change of tone as financial troubles emerged in US regional banks, then spilt into Switzerland with major bank Credit Suisse requiring a rescue by UBS and their central bank. While these events created volatility, Australian shares rallied into the final weeks of the quarter amid hopes of global, and indeed local pauses to rate hikes. This eventuated in very early April, as the RBA finally paused rates after a year of hikes.

The half yearly corporate reporting season also played out, yielding mixed results, generally moderate earnings growth, rising dividends and some cautious outlook statements amid continued inflation. Dividends also rose. Bank earnings, which make up a large proportion of the Australian market, showed signs of peaking as economic conditions continue to toughen. Bad debts also unsurprisingly rose. Cyclical meanwhile outperformed, though with consumers tightening their belts some shine may likely come off the sector as economic growth faces further headwinds.

Outlook

Corporate earnings in Australia remain reasonable, though should be considered in real terms, given ongoing high levels of inflation. Businesses meanwhile remain focussed on cost pressures, which are generally being passed onto customers. As we approach a likely phase of lower economic growth, with further volatility likely to ensue, it's worth remembering that the current stage of the economic cycle is well known by markets and priced in, at least to some degree. The relative stability of Australian dividends over the long-term and their ability to generate a growing, tax effective income stream should also be kept in mind. Over the long-term, we believe Australian shares will continue to rise, with volatility being necessary to provide opportunities for greater returns.

Availability

Product Name	APIR
SignatureSuper	AMP0782AU
SignatureSuper - Allocated Pension	AMP1136AU
SignatureSuper Term Pension	AMP1136AU*

*Closed to new investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



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