

AMP Equity Fund

Quarterly Investment Option Update

30 June 2023

Aim and Strategy

To provide high returns over the long term while accepting high levels of volatility in returns, by investing in a portfolio of shares listed or about to be listed on the Australian Securities Exchange. The portfolio aims to provide returns, after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3-year basis. Investment is diversified across a range of industries and sectors, with a focus on the largest 200 companies. In constructing the portfolio, the investment manager employs a systematic rules-based approach where no individual stock fundamental analysis is conducted and the investment team use large sets of data to analyse stocks through intelligent screening methods. Passive, enhanced index and smart beta are examples of systematic approaches.

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	Active
Manager style	Single

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
International Shares	3.62
Australian Shares	87.79
Listed Property and Infrastructure	8.39
Cash	0.20

Sector Allocation	%
Financials	28.43
Materials	24.20
Health Care	9.59
Industrials	7.24
Consumer Discretionary	6.47
Real Estate	5.93
Energy	5.15
Consumer Staples	4.72
Communication Services	3.89
Information Technology	2.56
Utilities	1.61
Cash	0.20

Top Holdings	%
BHP Group Ltd	10.67
COMMONWEALTH BANK AUST	7.79
CSL Ltd	6.16
NATIONAL AUSTRALIA BANK	3.85
Westpac Banking Corp	3.44
Australia & New Zealand Banking Group Ltd	3.39
Woodside Energy Group Ltd	2.98
MACQUARIE GROUP LTD	2.95
WESFARMERS LTD	2.49
TELSTRA GROUP LTD	2.32

Fund Performance

The Fund produced a positive absolute return over the June quarter, close to the benchmark return.

Key contributors to performance for the quarter included overweight positions in Xero, AGL Energy and Allkem. AGL Energy outperformed following significant updates after announcing improved energy plant availability.

Top overweight position in the portfolio, AUB Group, meanwhile saw a reversal after trading update released mid-quarter.

Key detractors from performance for the three months included underweight positions in IGO and Blackmores, and an overweight position in Sandfire Resources.

Market Review

Australian shares finished the June quarter up by 1.0%, as measured by the ASX200 total returns index. On one hand, this was spurred on by a strong US sharemarket lead, as global inflation levels continued to pull back. On the other hand, signs of a slowing Chinese economy weighed on Australian shares, given the countries' major trading relationship. The perception that Australia is 'behind the pace' in the global rate-hiking cycle also likely played on sentiment, though it should be remembered the impact of monetary policy is different locally, particularly given the much greater prevalence of variable rate mortgages and higher house prices. Overall, earnings remain reasonable, with many companies focussed on costs, given a general consensus of recessionary conditions being ahead.

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
Flexible Lifetime - Investments (Series 1)	AMP0018AU**
Flexible Lifetime - Investments (Series 2)	AMP1394AU**

**Closed to new and existing investors

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