

International Share Index

Quarterly Investment Option Update

30 September 2023

Aim and Strategy

The strategy aims to provide returns that closely match the MSCI World (ex-Australia, ex-Tobacco) Accumulation Index with net dividends reinvested before fees and taxes. This option is unhedged to Australian dollars. Exposure to the international shares asset class will be attained through the use of low cost index-focused investment managers. Note: An unhedged strategy results in net performance being impacted (positively or negatively) by movements in the Australian dollar, relative to other currencies where the portfolio holds exposure.

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	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Global shares	100
Cash	0

Actual Allocation	%
International Shares	97.87
Australian Shares	0.20
Listed Property and Infrastructure	1.97
Cash	-0.04

Sector Allocation	%
Information Technology	22.25
Financials	14.68
Health Care	12.96
Consumer Discretionary	11.05
Industrials	10.62
Communication Services	7.46
Consumer Staples	6.64
Energy	5.20
Materials	3.67
Utilities	2.66
Real Estate	2.30
Futures	0.54
Cash	-0.04

Top Holdings	%
APPLE INC	5.07
Microsoft Corp	4.20
Alphabet Inc	2.78
Amazon.com Inc	2.21
NVIDIA Corp	2.02
Tesla Inc	1.35
Meta Platforms Inc	1.25
Exxon Mobil Corp	0.89
UnitedHealth Group Inc	0.89
Berkshire Hathaway Inc	0.85

Region Allocation	%
North America	74.32
Europe ex UK	14.15
Japan	6.34
United Kingdom	4.11
Asia ex Japan	1.06
Australasia	0.06
Cash	-0.04

Fund Performance

The Option posted a negative return during the September quarter, as global share markets retreated. The September quarter was reminiscent of 2022, where share markets were weak as investor sentiment remained negative on inflation falling less than expected and interest rates looking likely to be higher for longer. This outlook somewhat tempered the expectation of a 'soft landing' in the current global economic cycle, which led to share markets giving up a portion of the gains generated in the tail end of FY2023. Despite the decline in the September quarter, the Option has continued to deliver healthy positive returns over the longer term, including over 1, 3 and 5 years, and since inception.

Market Review

Equity markets over the September quarter saw markets initially climb higher, on the back of gathering confidence of an economic soft landing playing out, i.e., a 'goldilocks' type situation with falling inflation, growth remaining positive and interest rate-rises no longer being required. As the quarter drew on however, these optimistic hopes were somewhat blunted, or at least pushed back timewise. Inflation, while still falling on a medium-term basis, remained sticky, labour markets remained tight, while consumption was quite resilient; therefore, central bank rhetoric and speculation seemed to sway back towards the 'higher for longer' narrative. An autoworkers' strike in the US plus yet another potential government shutdown also didn't help equity markets' sentiment. Thus, despite rising earlier in the period, global shares finished the quarter down by around 2.7% in local currency terms (though the performance was a little better in Australian dollar terms, given currency movements). Growth-focussed US technology stocks yet again stood out as major market movers.

Driven by similar themes, emerging market equities also fell over the quarter, finishing down by -1.4% for the period, though outperforming developed markets. Improving, though still-volatile sentiment around the Chinese economy was a major driver of market movements, particularly in countries focussed on commodity exports, as further monetary and fiscal stimulus was announced by the Chinese government.

Outlook

Interest rates around the world are largely accepted as being close to, or already at their cyclical peak, on the back of significantly decreased (though still elevated) levels of inflation. Economic growth has also slowed, but not yet to deep recessionary levels. For long-term investors, a mild recession shouldn't be a concern, as this is part of the normal economic cycle. While the corporate environment may toughen further, stronger businesses will likely emerge with increased market dominance. Furthermore, share prices tend to lead the economic cycle, rather than be synchronised to it. We believe a diverse basket of businesses bought at reasonable prices, particularly those with strong competitive advantage that generate high amounts of cash from their shareholders' capital, will serve investors well over the long-term.

Availability

Product Name	APIR
SignatureSuper	AMP0807AU
SignatureSuper - Allocated Pension	AMP1165AU
SignatureSuper Term Pension	AMP1165AU*

*Closed to new investors

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