



# AMP Capital Multi Asset

Quarterly Investment Option Update

31 March 2022

## Aim and Strategy

To provide a total return (income and capital growth) before costs and tax of 4.5% pa above the trimmed mean Consumer Price Index (CPI) on a rolling five-year basis by investing in a diversified portfolio with broad asset allocation ranges. The portfolio invests across a range of traditional asset classes such as shares, credit, cash, fixed income and property, and is further diversified by investment in alternative assets, such as infrastructure and absolute return strategies, which are generally more illiquid. Exposure to a broad range of asset classes is achieved either through investment in underlying investments or direct investment into an asset. Set within a dynamic asset allocation framework, the portfolio's asset classes and asset allocation ranges are determined with reference to the portfolio's risk and liquidity guidelines. Asset class allocation and ranges may vary at any stage of the investment cycle. There is no guarantee that the asset allocation strategy will provide positive returns at all stages of the investment cycle. Throughout the investment cycle, when necessary, the portfolio will be rebalanced with the aim of ensuring that exposure to illiquid assets is no greater than 20% of the portfolio. The portfolio may also have exposure to currencies through both actively-managed investment strategies and risk management processes. International investments may be partially or fully hedged back to Australian dollars. The portfolio and its underlying managers or direct investments may use derivatives such as options, futures, forwards and swaps. The investment manager imposes restrictions on the use of derivatives within the portfolio and monitors the

implementation of these restrictions in accordance with their risk management processes on the use of derivatives. Underlying managers or strategies in which the portfolio invests may use short selling.

## Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au/performance](http://www.amp.com.au/performance)

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	5 years
<b>Relative risk rating</b>	6 / Medium to High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian shares	N/A
Cash	N/A
Defensive alternatives	N/A
Global fixed interest	N/A
Global shares	N/A
Growth alternatives	N/A
Listed property and infrastructure	N/A
Unlisted property and infrastructure	N/A

<b>Actual Allocation</b>	<b>%</b>
International Equities	20.77
Fixed Income and Credit	14.83
Cash	10.44
Defensive Alternatives	10.82
Australian Equities	10.77
High Yield Credit	9.40
Direct Assets	8.04
Listed Real Assets	7.43
Growth Alternatives	5.74
Non A\$ currency exposure	1.76

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## Fund Performance

Amid global volatility, the Fund fell in the March quarter, though continues to show solid positive returns over the mid to long-term. Markets continued to be heavily impacted by rising inflation and rapidly shifting central bank policy, especially from the US. The US Federal Reserve (Fed) raised rates by 0.25% late in the quarter, with a further 8 hikes priced over 2022. It also signalled a much faster unwind of bond holdings ('quantitative tightening' or 'QT') than originally expected.

## Market Review

The beginning of the March quarter saw growth asset markets globally experience significant falls and volatility, as concerns increased around prevailing high inflation rates and the path towards the normalisation of interest rates. Despite a raft of concerns, sentiment generally improved in many growth markets towards the end of the quarter. Inflation increased further to 7.9% in February in the US and remains significantly elevated in most major economies like the UK and Canada. With no sign of a reprise in rising costs of living, the US Federal Reserve (Fed) finally raised rates in March by 0.25%, whilst also signalling it would likely raise them six more times this year. The US yield curve also became inverted (as measured by a narrowing gap between 10-year bond yields and 2-year bond yields), raising further recessionary fears.

By mid-February, investor sentiment shifted its focus towards Eastern Europe following Russia's invasion of Ukraine, which continued through the period. Economic sanctions were placed on Russia by nations around the globe. In a surprise counter to the sanctions, President Putin subsequently announced that Russia would seek payment from "unfriendly countries" for its oil and gas in Russian rubles, a significant move given a partial dependence on Russian energy supply from many European nations, including Germany, France, the Netherlands, Italy, Hungary, and Poland.

## Outlook

Looking ahead, we feel economic growth is likely to be lower, as the impact of higher prices, costs, and interest rates ripple through economies. Alongside the high level of geopolitical shocks and lack of the normal safety valves (e.g. monetary policy), we expect the elevated volatility to continue. The potential for a 'policy mistake' has risen, but our base case remains that inflation is likely to come back down over the next 12 months, but remain elevated relative to recent years, given some of the forces driving higher prices, such as shortages in commodities and labour, are unlikely to disappear quickly.

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## Availability

Product Name	APIR
SignatureSuper	AMP1734AU*
SignatureSuper - Allocated Pension	AMP1743AU*

\*Closed to new investors

## Contact Details

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RESULTS

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