

Balanced Index

Quarterly Investment Option Update

30 June 2023

Aim and Strategy

The strategy aims to closely match the index returns of the asset classes in which it invests (before fees and taxes). It has a bias towards growth assets (shares and property) but also holds defensive assets (cash and bonds). Exposure to individual asset classes will be attained through the use of low cost, index-focused investment managers. Global shares may be partially or fully hedged back 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	Multi-Sector
Suggested minimum investment timeframe	5 years
Standard Risk Measure	6/High
Investment style	Index
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Shares	26
Global Shares	31
Property	8
Infrastructure	6
Alternatives	6
Fixed Income	16
Cash	7

Actual Allocation	%
Global Shares	32.89
Fixed Income	15.29
Australian Shares	25.68
Property	7.89
Infrastructure	5.92
Alternatives	4.61
Cash	7.72

Fund Performance

The Fund produced a solid positive return for the June quarter as markets climbed higher.

Market Review

The June quarter saw previous concerns around banking stability ease somewhat, as did volatility in many investment markets. The US debt ceiling was, for some time, a focus in the financial press, though markets weren't overly bothered. In late May, a last-minute agreement was unsurprisingly reached, as has been the case so frequently in past decades. High but falling inflation remained an ever-present theme, with drops in commodity prices shown to be reducing headline figures, though core inflation remained somewhat sticky around the globe, notably in Europe and the US. Global employment levels remained close to full, while wages growth also continued. Services PMIs were shown to be at healthy levels, though declined slightly in June, while manufacturing PMIs continued to show contracting activity.

In the US, the economy continued to grow at a moderate pace, despite gloomy headlines. Inflation ticked down consistently and now sits at only 4.0%, a level last seen in April 2021 and well down from the peak of 9.1%. Jobless claims, while still low, trended slightly higher along with the unemployment rate, adding to hopes central banks may ease off the monetary brakes. Consumer spending meanwhile remained resilient, surprising a little to the upside.

Outlook

In regard to equity markets, some central banks have slowed or paused their hikes, despite maintaining a tightening bias, on the back of significantly decreased (though still high) levels of inflation. Economic growth has also slowed, with some economies already falling into recession. For long-term investors however, recession generally 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.

In relation to bond markets, Inflation, the path of interest rate movements and recession are likely to continue to be the dominant themes driving bond markets over the medium-term. After long, drawn-out falls in bond prices in recent years, yields now have reverted to more attractive valuation levels. We therefore believe there is scope for improved returns from the asset class over the shorter to medium-term.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP1050AU**
Flexible Lifetime - Investments (Series 2)	AMP1390AU**
SignatureSuper	AMP0784AU
SignatureSuper - Allocated Pension	AMP1137AU
SignatureSuper Term Pension	AMP1137AU*

*Closed to new investors

**Closed to new and existing investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



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