

Moderately Conservative Index

Quarterly Investment Option Update

30 September 2024

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 is broadly balanced between growth assets (shares and property) and 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	4 years
Standard Risk Measure	6/High
Investment style	Index
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Shares	18
Global Shares	23
Property	6
Infrastructure	7
Alternatives	0
Fixed Income	31
Cash	15

Actual Allocation	%
Fixed Income	32.49
Global Shares	23.73
Australian Shares	18.62
Infrastructure	7.27
Property	6.22
Cash	11.66

Fund Performance

The Investment Option produced a strong return for the September quarter, as sharemarkets rose and bond yields fell on the back of various central banks moving to cut interest rates around the globe.

Market Review

The September quarter saw gains in most major asset classes as close to half of global central banks, including the US, UK and the Eurozone, began to cut rates. This came on the back of subdued, yet still positive economic growth and consistently falling inflation. With US inflation now close to the Fed's 2% target, an assertive rate cut from the Fed materialised late in the quarter to the tune of 50 basis points, along with firmer expectations of more to come. Monetary easing also continued outside of the US, notably in China, with more aggressive government stimulus expected to be applied in efforts to counter the nation's struggling property market.

War meanwhile unfortunately continued, both in Ukraine and Russia, and in the Middle East where fighting significantly escalated. While causing some volatility in the oil price, as is often the case, there wasn't much significant impact on investment markets.

Focus on the US election also intensified, with immigration, foreign policy (particularly with regard to global wars) and the economy being the major issues, along with two failed assassination attempts on Presidential candidate Trump occurring in July and September.

Outlook

Global bond markets are likely to continue to focus on the expected paths for US interest rates. Large drawdowns in recent years, resulting in bonds being available at significantly cheaper prices, continue to lead us to believe returns going forward will likely be reasonable; perhaps around current running yield or a little more, as inflation slows, and central banks cut rates. Furthermore, bonds will likely serve as a diversifier to growth assets, particularly during economic slowdown. Stickier than expected inflation remains a risk, as this could cause further delays to interest rate cuts.

The overall macro environment for global shares looks reasonable, with interest rates now falling in most regions on the back of significantly decreased levels of inflation and low, but still-positive economic growth. Of course, geopolitical and some valuation-related risk exists, which may result in some shorter-term volatility, however these factors could also surprise on the positive side. Regardless, for longer-term investors, 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	AMP1545AU
SignatureSuper - Allocated Pension	AMP1557AU
SignatureSuper - Term Pension	AMP1557AU*

*Closed to new investors

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