

# Conservative Index

## Quarterly Investment Option Update

31 March 2025

### 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 defensive assets (cash and bonds) but also holds some growth assets (shares and property). 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](http://www.amp.com.au/performance)

### Investment Option Overview

|   |               |
|---|---------------|
| <b>Investment category</b>                    | Multi-Sector  |
| <b>Suggested minimum investment timeframe</b> | 3 years       |
| <b>Standard Risk Measure</b>                  | 4/Medium      |
| <b>Investment style</b>                       | Index         |
| <b>Manager style</b>                          | Multi-manager |

| Asset Allocation      | Benchmark (%) | Actual (%) |
|-----------------------|---------------|------------|
| Fixed Income and Cash | 64            | 64         |
| Global Shares         | 13            | 13         |
| Australian Shares     | 11            | 11         |
| Infrastructure        | 7             | 7          |
| Property              | 5             | 5          |

\*Allocation data may not add to 100% due to rounding.

## Fund Performance

The Investment Option produced a modest positive return for the March quarter, as sharemarkets pulled back towards the end of the period amid increasing conjecture around US tariff levels, though bonds rose in value as yields fell, as traders lent more towards bonds amid increased volatility in sharemarkets.

## Market Review

Investment markets were quite stable through the first half of the March quarter, though volatility increased significantly towards the end of the period against a backdrop of various geopolitical and economic developments. On the positive side, 'hard' economic data such as jobs and spending figures remained quite sound; but leading indicators such as consumer and business sentiment started to deteriorate in late February on the back of policy uncertainty. On the geopolitical front, President Trump pushed for a peace agreement, most visibly towards Ukrainian President Zelensky, as Ukraine continued its resistance against the Russian invasion in the face of Russia having the upper hand in the fighting. While the optics of the Trump-Zelensky meeting led for dramatic viewing, the result was a prompt European Union decision to vastly increase military spending given US support was clearly no longer a given; particularly if Ukraine aren't willing to give ground (figuratively and likely literally) in peace negotiations. News flow towards quarter-end then turned towards US tariff announcements. While the imposition of tariffs themselves should be no surprise, given they were repeatedly flagged through the election campaign, various comments from Trump led to speculation (and in early April, confirmation) that tariffs would be higher than many initially anticipated. This led global sharemarkets to pull back in the second half of the quarter (and subsequently fall more precipitously in early April), while global bonds gained in value over the period.

## 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 additional interest rate cuts.

The overall macro environment for global shares is challenging in the short-term, given trade policy uncertainty. For the medium-term however, fundamentals remain reasonable, with interest rates now falling in most regions on the back of significantly decreased levels of inflation. Central banks also have scope to cut further if recession risks rise. 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.

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## Availability

| Product Name                               | APIR        |
|--|-------------|
| Flexible Lifetime - Investments (Series 1) | AMP1051AU** |
| Flexible Lifetime - Investments (Series 2) | AMP1393AU** |
| SignatureSuper                             | AMP0793AU   |
| SignatureSuper - Allocated Pension         | AMP1146AU   |
| SignatureSuper - Term Pension              | AMP1146AU*  |

\*Closed to new investors

\*\*Closed to new and existing investors

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