

Balanced Index

Quarterly Investment Option Update

30 June 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 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 (%)	Actual (%)
Global Shares	35	37
Fixed Income and Cash	25	23
Australian Shares	26	26
Infrastructure	7	7
Property	7	7

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

Fund Performance

The Investment Option produced a strong positive return for the June quarter, as global sharemarkets rose to new highs despite volatility earlier in the period due to US tariff announcements. Over the full financial year, returns were in double-digits.

Market Review

US tariff changes were the dominant theme of the June quarter, with global trade placed into heightened uncertainty due to significant increases to tariff rates on goods imported to the US. While more permanent tariff agreements are yet to be announced, these changes raised US\$27 billion in customs duties in the month of June alone, a US\$19 billion increase relative to June 2024, thanks to the current temporary baseline of 10% reciprocal tariffs for most imports, with higher sectoral tariffs such as a 50% duty on steel and aluminium aiding the surge in revenue. Whilst sharemarkets were rattled in early April by the "Liberation Day" tariff announcements, major market indices recovered by quarter's end to new all-time highs, as Trump delayed the implementation of prohibitively high tariff rates, pivoting to trade deals, while hard economic data didn't deteriorate materially, as some had anticipated to happen quickly. While trade conflicts can undoubtedly negatively impact inflation, diplomatic relations and jobs, it's also worth considering potential positives the ongoing additional revenue could bring, for example tax cuts, debt reduction or major infrastructure projects that can boost economic growth, all of which have been flagged by the US administration. Finally, the "One Big Beautiful Bill", which passed in early July, added additional concerns over US debt levels and the interplay between the new tariff revenue.

Global economic growth meanwhile remained steady, with US growth continuing to outperform the Eurozone, as higher energy prices have particularly impacted Germany's economy. China showed signs of improvement as its government delivered more fiscal stimulus, though the outlook remains murky amid continuing deflation, property price falls, and US trade uncertainty. On the positive side, global inflation continued to ease, with many countries now within their target inflation bands, while most central banks generally continued to cut rates to aid economic expansion. Thus, the 'soft-landing' scenario appeared to continue to play out, albeit with some significant geopolitical bumps along the way.

The quarter also saw military conflict escalate in the Middle East, with Israel attacking Iran's nuclear and other military infrastructure, ultimately leading to the US stepping in to strike the Iranian nuclear sites with more powerful 'bunker busting' weapons. While this unsurprisingly led to further volatility in the oil price, as at quarter-end the conflict's overall impact on the global economy and markets was reasonably contained. War in Ukraine also waged on, with ongoing heavy losses for both sides and no sign of any meaningful diplomatic breakthrough, although both sides made statements signalling (arguably) increased openness to direct peace talks.

Outlook

Regarding global shares, while shorter-term risks remain around trade policy uncertainty, geopolitical tension, and high valuations in some areas, fundamentals remain reasonable, with interest rates 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.

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.

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

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