

# AMP Capital Premium Growth

Quarterly Investment Option Update

30 September 2019

## Aim and Strategy

To provide high growth over the long term, using a more diversified range of specialist equity, multi-asset, sector-specific and non-traditional investment strategies than traditional high-growth portfolios. This includes alternative investments and strategies. Investments are assessed taking into account a range of factors, including return potential and the ability to reduce risk through diversification.

## Investment Option Performance

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

## Investment Option Overview

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

Asset Allocation	Benchmark (%)
Australian Fixed Interest	N/A
Australian Shares	N/A
Cash	N/A
Defensive Alternatives	N/A
Growth Alternatives	N/A
International Fixed Interest	N/A
International Shares	N/A
Listed Property and Infrastructure	N/A
Others	N/A
Unlisted Property and Infrastructure	N/A

Actual Allocation	%
International Shares	59.44
Australian Shares	8.74
Unlisted Property and Infrastructure	6.90
Growth Alternatives	25.34

## Fund Performance

The Fund performed strongly in the 3rd quarter. Value styles of investment enjoyed a sharp rally, which helped the Fund in key areas, including the Dimensional Global Value and Real Index strategies. Bonds also rallied over the quarter, which helped the AQR Risk Premia strategy produce solid returns. Over the last year, listed infrastructure managed by Magellan has been a stand-out performer, whilst quality styles of stocks managed by IFP have also done well.

## Portfolio Positioning

The Fund redeemed from the ipac Alternative Growth Trust at the end of the quarter, with all remaining investments now having full daily liquidity. In addition, the AQR Risk Premia Trust closed and proceeds were taken back into the Fund. We believe the exit was timely, given how expensive bonds are. Several other strategies within the portfolio were slightly upweighted as a result of that exercise, including Australian Equities managed by Allan Gray.

## Market Review

Increasing predispositions by global central banks to become ever more accommodative during the September quarter have kept the bias on interest rates downwards, making equities relatively attractive and increasing the correlation between equities and bonds. However, the International Monetary Fund revised down its projection for global growth further during the period.

For the US-China trade dispute, which saw further escalation during the period, trust will need to be re-established between both parties at face-to-face meetings before any serious progress can be made. Until then, there is the potential for volatility to ramp-up substantially.

As was widely factored into the market, the US Federal Reserve (Fed) cut the Federal Funds Rate range by 25 basis points to 2.0-2.25% on 31 July; the first cut since the Global Financial Crisis, followed by a further cut of 25 basis points on 18 September to take the rate range to 1.75-2.0%.

In the US economy, the trade deficit continued to widen. However, as a whole, US economic data was generally benign, and the US stock market reached a record high during the quarter. There has been strong consumer-related and business data; however, jobs growth has been somewhat sluggish, and the ISM manufacturing conditions index remains subdued. Recent retail sales have risen more than expected and small business confidence remains strong, although latest labour market indicators have been more mixed.

## Outlook

Global growth appears to be poised at a point where it could continue to fall driven by trade war damage, or alternatively may now respond to central bank stimulus and cyclical restocking. A better tone to trade discussions is helping for the moment. We believe that if the global economy experiences some form of reflation, the fund's long term value bias is well placed to benefit.

## Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP9030AU
AMP Flexible Super - Retirement account	AMP9031AU
AMP Flexible Super - Super account	AMP9029AU
CustomSuper	AMP9030AU
Flexible Lifetime - Allocated Pension	AMP9032AU
SignatureSuper	AMP9033AU
SignatureSuper - Allocated Pension	AMP9034AU

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