AMP MySuper Balanced

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

This investment option aims to achieve a rate of return above the Consumer Price Index of 3%, after fees and superannuation tax, over a 10 year period. AMP's MySuper investment option called AMP MySuper Balanced, gives you an investment solution that is well diversified across a broad range of investment markets and focuses on delivering sound long-term returns. The exposure to the different sources of risk and return will typically be through index exposure to a range of traditional listed markets. This investment option's asset allocation is actively managed to take advantage of long-term under and over-valuations between asset classes. International investments may be partially or fully hedged back to Australian dollars. Subject to certain conditions, the underlying investments may use derivatives (such as options, futures, forwards and swaps) and engage in short selling.

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	10 years
Relative risk rating	High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
International shares	34
Australian Shares	26
Australian Fixed Interest	12
Listed Property and Infrastructure	12
International Fixed Interest	11
Cash	5
Growth Alternatives	0

Actual Allocation	%
International Shares	34.23
Australian Shares	25.25
Listed Property and Infrastructure	12.19
International Fixed Interest	10.66
Australian Fixed Interest	11.67
Cash	6.00

Fund Performance

AMP MySuper Diversified Balanced delivered a 2.2% return over the September quarter. Despite volatility during the period, gains were made in most underlying asset classes, with share allocations driving overall performance.

During the quarter, market sentiment was boosted by further global monetary policy easing in the form of interest rate cuts to combat slowing global growth. However, much of the impact of these rate cuts was suppressed by lacklustre company earnings growth, waning business and consumer confidence, and uncertainties caused by US-China trade tensions. By quarter-end, developed share markets had risen only modestly, up 1.5% and the Australian share market had followed suit, climbing 2.4%. Trade risks combined with slowing Chinese growth constrained the performance of emerging market shares, which fell 1.9%. Rising concerns about the global growth outlook and accompanying rate cuts supported allocations to listed property, infrastructure and bonds.

Moving into the final quarter of 2019 we remain cautiously optimistic, as global markets face a variety of unpredictable situations. Continued concerns around the US-China trade tensions, a no-deal Brexit and slowing global growth are likely to increase recessionary risks and constrain share market returns. While a combination of monetary policy easing and Chinese policy stimulus could somewhat offset these concerns, a resolution of the trade tensions and an improvement in global growth appears necessary for sustained returns going forward. This setting, in combination with low interest rates, supports fixed income markets, although expensive valuations may limit any upside. Given the environment and the lack of clarity on the direction of markets, we hold broadly neutral positions across most asset classes. Returns are likely to moderate by year end and improve moving into 2020.

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.

Availability

Product Name	APIR
AMP Flexible Super - Super account	AMP1904AU

Contact Details

Web: **www.amp.com.au**
Email: askamp@amp.com.au
Phone: 131 267

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