

Super Easy Active Balanced

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

To provide primarily capital growth with some income after costs and before tax, above the strategy's performance benchmark on a rolling 3 year basis, by investing across a range of asset types, with high exposure to growth assets. The strategy aims to provide investors with exposure to a diversified range of Australian and international growth sources across asset classes including shares, Australian listed property trusts, and global listed property securities.

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 | 5 years |
| Relative risk rating | High |
| Investment style | Active |
| Manager style | Multi-manager |

| Asset Allocation | Benchmark (%) |
|------------------------------------|---------------|
| International shares | 32 |
| Australian Shares | 27 |
| Australian Fixed Interest | 15 |
| Listed Property and Infrastructure | 11 |
| International Fixed Interest | 10 |
| Cash | 5 |
| Defensive Alternatives | 0 |
| Growth Alternatives | 0 |

| Actual Allocation | % |
|------------------------------------|-------|
| International Shares | 34.58 |
| Australian Shares | 26.01 |
| Listed Property and Infrastructure | 10.74 |
| International Fixed Interest | 5.94 |
| Australian Fixed Interest | 14.90 |
| Cash | 7.83 |

Fund Performance

The Option delivered a positive return for the September quarter. Despite volatility during the period, positive returns were generated across most underlying asset classes with contributions from both growth and defensive assets.

Since our last update, market sentiment was boosted by further global monetary easing in the form of interest rate cuts to combat slowing global growth. However, much of the impact of rate cuts was suppressed by lacklustre corporate earnings, waning business and consumer confidence, and uncertainties around the US-China trade talks. By quarter-end, developed equity markets had risen only slightly, up 1.5% (in local currency terms) and Australian equities returned 2.4%. Emerging market equities suffered in this setting, as the additional impact of slowing Chinese growth constrained performance. The rising concerns about the global outlook and accompanying rate cuts supported allocations to more defensive, yield-driven allocations including property, infrastructure and bonds. The performance of alternative strategies was mixed.

For the final quarter of 2019, we remain cautiously optimistic as global markets face a variety of unpredictable threats. Continued concerns around US-China trade tensions, a no-deal Brexit and slowing global growth are likely to increase recessionary risks. This, in combination with the low interest rate setting, supports fixed income markets; although expensive valuations may limit any upside. For equities, the current environment is less supportive, particularly if risks worsen. In order for sentiment to improve, it will take a settling of the trade concerns and a boost in the outlook for global growth. Until then markets are likely to trade sideways. Given the lack of market directionality, we maintain a broadly neutral allocation across most asset classes, with a minor tilt in favour of Australian equities. We have also held our overweight exposure to alternatives to improve diversification away from equities, given potential risks. The Option also maintains a sizeable allocation to defensive assets such as bonds and cash, which should assist in the event of potential equity market declines. Overall, returns are likely to moderate by year-end.

Availability

| Product Name | APIR |
|---|------------|
| AMP Flexible Super - Retirement account | AMP1985AU |
| AMP Flexible Super - Super account | AMP1936AU |
| Flexible Lifetime - Allocated Pension | AMP1987AU* |

*Closed to new investors

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