

AMP Active Balanced (Series 2)

Quarterly Investment Option Update

31 December 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	35.90
Australian Shares	26.50
Listed Property and Infrastructure	10.91
International Fixed Interest	5.84
Australian Fixed Interest	14.57
Cash	6.28

Fund Performance

The Option delivered a positive return for the December quarter capping a stellar 2019 for markets. The performance of equity allocations significantly contributed over the year and was the key driver of returns in the final quarter. Against peers, the Option has maintained its strong relative performance remaining ahead of median across most key timeframes.

The final quarter of the year saw growth assets outpace defensive investments as market sentiment was buoyed by a flurry of positive developments and the continuation of the low interest rates. Supportive global economic data releases, strong US corporate earnings, the announcement of a "phase one" US/China trade deal and resolution of the UK election provided a strong environment for risk assets. Both developed and emerging market equities rallied 7.7% and 9.5% respectively (in local currencies terms). Australian equities also ended the period slightly higher but underperformed global counterparts due to a lack of positive domestic news and a strengthening AUD, returning 0.7%. The low interest rate environment also aided sectors such as direct property and infrastructure, generating modest returns. The shift to growth assets saw defensive assets such as bonds end the quarter down giving up some of the gains generated over the year.

Looking ahead, we remain cautiously optimistic for the start of 2020. With easy monetary conditions and global growth stabilising, equity market returns should see reasonable returns but are likely to be more modest than 2019. Higher valuations and continued geopolitical risks such as Iran, US/China trade and Brexit will provide some volatility. The risk of recession however remains unlikely in the near term. Given this, we hold a broadly neutral growth/defensive asset split, with a slight preference for equities within growth assets. The Option also continues to maintain a diverse exposure to alternatives and defensive assets, such as bonds and cash, to help manage risk and smooth returns in periods of equity market volatility.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP2053AU
Flexible Lifetime - Allocated Pension	AMP2055AU

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL), AMP Capital Funds Management Limited ABN 15 159 557 724, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (AMP Active Balanced (Series 2)). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.