



AMP Capital Multi Asset

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

To provide a total return (income and capital growth) before costs and tax of 5.5% pa above the trimmed mean Consumer Price Index (CPI) on a rolling five-year basis by investing in a diversified portfolio with broad asset allocation ranges. The portfolio invests across a range of traditional asset classes such as shares, credit, cash, fixed income and property, and is further diversified by investment in alternative assets, such as infrastructure and absolute return strategies, which are generally more illiquid. Exposure to a broad range of asset classes is achieved either through investment in underlying investments or direct investment into an asset. Set within a dynamic asset allocation framework, the portfolio's asset classes and asset allocation ranges are determined with reference to the portfolio's risk and liquidity guidelines. Asset class allocation and ranges may vary at any stage of the investment cycle. There is no guarantee that the asset allocation strategy will provide positive returns at all stages of the investment cycle. Throughout the investment cycle, when necessary, the portfolio will be rebalanced with the aim of ensuring that exposure to illiquid assets is no greater than 20% of the portfolio. The portfolio may also have exposure to currencies through both actively-managed investment strategies and risk management processes. International investments may be partially or fully hedged back to Australian dollars. The portfolio and its underlying managers or direct investments may use derivatives such as options, futures, forwards and swaps. The investment manager imposes restrictions on the use of derivatives within the portfolio and monitors the implementation of these restrictions in accordance with their risk management processes on the use of derivatives. Underlying managers or strategies in which the portfolio invests may use 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	5 years
Relative risk rating	Medium to High
Investment style	Active
Manager style	Multi-manager

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

Actual Allocation	%
International Equities	31.49
Fixed Income and Credit	16.24
Defensive Alternatives	15.08
Australian Equities	11.78
Listed Real Assets	8.68
Growth Alternatives	8.66
Direct Assets	4.89
Cash	1.87
Non A\$ currency exposure	1.45

Fund Performance

The Fund performed well in December amid mixed markets and finished the year well ahead of its objective. Despite equity, bond and property markets struggling in Australia over the month, the Fund was still positive. Global equities, in particular our allocations to Europe, emerging markets, listed infrastructure and energy, all made positive contributions.

Market Review

The start of the quarter saw initial concerns of the risk of a recession. However, as the quarter progressed, US economic data was generally positive overall. Market sentiment further improved following the conclusion of the US -China trade disputes. US gross domestic product grew at an annualised rate of 1.9% in the third quarter. In October, the Federal Funds Rate was reduced by 25 basis points to 1.50-1.75%. Meanwhile President Trump's impeachment had little impact on financial markets.

In Europe, business conditions were flat in December but remain up from their low adding to confidence that Eurozone growth may be improving. During the quarter, the European Central Bank made no changes to interest rates. Meanwhile, in December the Swedish central bank raised rates from -0.25% to zero, ending roughly five years of negative rates.

In the UK, the Conservative party won the general election and will seek to prevent an extension of the Brexit transition period beyond the end of 2020. During the quarter, the Bank of England left rates on hold.

In Asia, Japan's gross domestic product growth for the September quarter was revised upward. The government announced fiscal stimulus plans in December whilst the Bank of Japan left monetary policy on hold. In China, industrial production and retail sales were stronger-than-expected in November suggesting positive signs for growth. China's central bank lowered its one-year loan prime rate in November by five basis points to 4.15%.

Outlook

While the global economy continues to improve, the low interest rate environment leads us to return-expectations that are a little lower than historical norms and the Fund maintains a lower than average risk level as a result. The relative differences in our expected returns between different assets and sectors remain quite large and as such, we are particularly focussed on active management to achieve the best return for our investors. We believe the Fund's performance over the medium term will likely be similar to traditional balanced funds, though with less risk attached.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP1709AU
AMP Flexible Super - Retirement account	AMP1768AU
AMP Flexible Super - Super account	AMP1756AU
CustomSuper	AMP1709AU
Flexible Lifetime - Allocated Pension	AMP1717AU
SignatureSuper	AMP1734AU
SignatureSuper - Allocated Pension	AMP1743AU
SignatureSuper Select	AMP1734AU

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