

AMP Capital Premium Growth

Quarterly Investment Option Update

31 December 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

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 (%)
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	66.51
Australian Shares	12.56
Unlisted Property and Infrastructure	10.75
Growth Alternatives	9.76
Cash	0.42

Fund Performance

The Fund produced a solid fourth quarter return, capping off a very strong year. Equity markets globally were extremely strong, supported by lower interest rates and more recently by improving economic data. Growth oriented markets continued to lead, which was somewhat supportive for our underlying allocation to IFP global franchises, but a relative drag for our more value-oriented styles such as Dimensional Global Value. AQR Delta also continued underperform due in part to value influences, however this was more than offset by some outstanding returns from our listed infrastructure manager, Magellan.

Portfolio Positioning

There were no changes to the Fund over the quarter.

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

Global growth is stabilising and appears poised to move sideways to up, whilst interest rates are expected to move sideways to slightly higher. This should be a reasonable environment for equity market returns, although we believe they will almost certainly be lower than 2019's valuation-driven rallies. The current backdrop should also be a more productive environment for value styles of equities and the more economically sensitive areas such as emerging markets.

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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