

# AMP Capital Premium Growth

## Quarterly Investment Option Update

31 March 2020

### 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](http://www.amp.com.au)

### Investment Option Overview

|   |               |
|---|---------------|
| <b>Investment category</b>                    | Multi-Sector  |
| <b>Suggested minimum investment timeframe</b> | 5 years       |
| <b>Relative risk rating</b>                   | High          |
| <b>Investment style</b>                       | Active        |
| <b>Manager style</b>                          | 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                 | 68.51 |
| Australian Shares                    | 11.17 |
| Unlisted Property and Infrastructure | 10.51 |
| Growth Alternatives                  | 9.38  |
| Cash                                 | 0.42  |

## Fund Performance

Global markets collapsed toward the end of the first quarter as the spread of the Covid19 virus, the economic pause required for containment, and a collapsing oil price all conspired to create one of the sharpest and largest market falls in history. In response however, governments and central banks worldwide produced very large fiscal and monetary support programs that have, for the moment, put a floor under markets and sparked a sharp rebound toward the end of March. The portfolio underperformed through this period, as many of the market segments the Fund favours for long-term growth, for example the value style in emerging markets, fell substantially more than other areas. This can be seen in very wide differences in performance between our underlying allocations, for example, between IFP Global Franchises (approximately -6% year to date) and Dimensional Emerging Markets (approximately -23% year to date).

## Portfolio Positioning

There were no changes to the Fund over the quarter.

## Market Review

The first quarter of 2020 began with the renewed conflicts between the US and Iran and the US-China trade tensions which were later resolved and share markets were encouraged by initial signs the global economy was improving. However, as March approached, the global surge in COVID-19 cases outside of China led to a pandemic. At the end of the quarter, despite the continued rise in new COVID-19 cases (especially in the US and Italy) and signs of a slowdown in global economic activity, share markets had a strong rebound in response to further announcements of unprecedented stimulus measures by governments and central banks.

The Federal Reserve reduced interest rates by a further 100 basis points to 0.00%–0.25% and commenced its quantitative easing. The US government announced the largest fiscal package, worth \$US2 trillion. The Bank of Canada lowered its overnight rate target to 0.75% and launched a credit facility program.

In Europe, the UK officially left the European Union on 31 January. The European Central Bank launched a new Pandemic Emergency Purchase Programme, worth €750 billion. The Bank of England lowered its Bank Rate further and launched a new substantial quantitative easing program whilst the UK government announced its credit guarantees.

In Asia, China's central bank announced a reduction in reserve ratios for banks. The Bank of Japan provided a significant liquidity injection and expanded its quantitative easing program.

## Outlook

Global growth has moved very quickly from a relatively upbeat outlook, to a global pandemic-driven recession. Given the scale of relief packages provided and the longer-term likelihood of a medical vaccine, it is now a question of how long containment efforts will take and what behavioural changes result. For example, many of the existing trends toward technology integration, automation and deglobalisation, can most likely be expected to accelerate as a result of disruption caused by the pandemic. Many of these themes however remain very well priced. The Fund's current mix of strategies is well placed to benefit from an eventual cyclical recovery from the virus. Value (as a style) and emerging markets have underperformed in an environment of sharply less physical activity and should benefit from a resumption. Looking further ahead however, the strategy mix may require some adjustment to allow greater participation in some of the longer-term trends.

## 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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