

AMP Dynamic Balanced

Quarterly Investment Option Update

31 March 2020

Aim and Strategy

The investment objective of the portfolio is to outperform the median of the Chant West growth fund survey over the investment horizon of the fund (7 years). The portfolio aims to provide the investor with a cost-effective investment across the main asset classes with higher exposure to growth assets. Exposure to these will be attained predominantly through the use of index-focussed investment managers. A portion of the portfolio (30%) also runs a dynamic asset allocation investment approach which aims to achieve growth by adopting a flexible approach to asset allocation. This portion of the portfolio will have exposure to assets such as shares, listed property, commodities, fixed income, credit and cash through derivatives, exchange traded funds or index funds.

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	7 years
Relative risk rating	Medium to High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Fixed Interest	N/A
Australian Shares	N/A
Cash	N/A
Growth Alternatives	N/A
International Fixed Interest	N/A
International shares	N/A
Listed Property and Infrastructure	N/A
Actual Allocation	%
International Shares	34.78
Australian Shares	25.17
Australian Fixed Interest	9.77
Cash	9.27
Listed Real Assets	8.21
International Fixed Interest	7.08
Alternative Assets	6.96

Fund Performance

The Fund delivered a negative return in March quarter on the back of falling markets due to the COVID-19 crisis. The main detractors from performance were equity, property and infrastructure investments. The fund's defensive assets and diversification, including the portfolio's allocation to alternatives helped mitigate some of the drawdown. The main detractors from the Fund's return over the period including developed market and Australian equities, property, infrastructure, credit and alternatives. The largest detractor was equity markets which fell sharply on the news of global shutdowns to contain the COVID-19 virus. The Fund's exposure to alternative assets, though recording a negative return, continued to perform a diversifying role in the portfolio and fell by around half the amount of equity markets. The largest positive contributor to performance was Australian fixed income. Cash and international fixed income both also delivered positive returns.

The large fall in markets due to COVID-10 shutdowns was partially reversed in the final week when unprecedented government stimulus measures were rolled to support the economies and financial markets. This stimulus contained measures including the introduction of quantitative easing in Australia, interest rate cuts and large fiscal spending programmes around the world.

In this current environment the Dynamic Markets Fund component of the portfolio has the ability stay nimble and utilise the Fund's flexibility to navigate emerging risks and seize the opportunities which will arise. Our outlook for markets remains fluid in this current environment. Volatility is likely to a key characteristic of markets in the second quarter of 2020. While market risks remain elevated we are likely to retain a bias towards being cautious, though we are also mindful that volatile markets present investors with opportunities and will continue to actively pursue these opportunities as they arise.

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.

Availability

Product Name	APIR
AMP Flexible Super - Retirement account	AMP2057AU
AMP Flexible Super - Super account	AMP2058AU

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