

AMP Active Balanced (Series 2)

Quarterly Investment Option Update

30 June 2020

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	32.20
Australian Shares	26.95
Listed Property and Infrastructure	12.05
International Fixed Interest	7.75
Australian Fixed Interest	16.68
Cash	4.38

Fund Performance

The 2019/2020 financial year ended on a positive note, with the option delivering a strong return after a period of significant volatility. Growth assets, particularly shares, provided the largest contribution to overall returns, partially recovering from the lows experienced at the height of the COVID-19 pandemic in late March. Despite underperforming compared to its benchmark over the quarter, peer-relative performance remains strong as the option remains above median across most key timeframes.

Throughout the quarter, investor sentiment improved with increased economic activity after lockdowns and social distancing measures were eased. The option's allocations to growth assets, such as shares, rebounded despite the ongoing risks surrounding COVID-19. Developed and emerging market shares rose 18.5% and 16.7% respectively (in local currency terms) boosted by positive employment and business confidence data, in addition to continued and coordinated policy support from regulators. Australian shares also rallied, gaining 16.5%. The allocations to more defensive assets, such as government bond and cash, also generated positive returns due to monetary policy support from central banks. Returns from the direct property and infrastructure allocations were constrained as the impacts of COVID-19 were captured in asset revaluations.

As the strong returns experienced over the quarter were substantially influenced by generous fiscal and monetary policy support, we remain cognisant of the prevailing risks associated with the COVID-19 pandemic for the near-term future. With some countries continuing to experience rising infection rates, the possibility of a 'second wave' could lead to further social distancing measures being imposed, or governments reverting to complete lockdowns. Ultimately, this leaves investment markets susceptible to further corrections and in this environment, returns are likely to be volatile. However, we maintain a highly-diversified portfolio to mitigate risk within and between asset classes, while holding a close to neutral growth/defensive split.

Availability

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

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What you need to know

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