AMP Dynamic Balanced

Quarterly Investment Option Update

30 June 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	31.08
Australian Shares	23.57
Australian Fixed Interest	12.43
Listed Real Assets	9.69
International Fixed Interest	8.73
Cash	7.34
Alternative Assets	6.99
FX	0.16

Fund Performance

The Fund delivered a strongly positive return in the June quarter, on the back of government stimulus and easing of COVID-19 containment measures. The quarter also saw some positive developments towards a vaccine and effective treatment which boosted investor sentiment. The main contributors to performance were shares. The Fund's defensive assets delivered positive returns but lagged more growth orientated assets.

The largest contributor was equity markets, which rose sharply first on the injection of massive levels of stimulus my global policy makers. This stimulus took the form of interest cuts, quantitative easing (money printing) and government spending. The largest government spending programmes took the form of income supplements and unemployment benefits for those impacted by COVID-19 containment measures. Further into the period, the easing of containment measures across Europe, Asia, North America and Australia helped spur economic activity and a revival in company earnings.

In this current environment, it is more important than ever to remain flexible and responsive to the environment. The Dynamic Markets Fund component of the portfolio, importantly, retains this ability to stay nimble and to navigate emerging risks and seize opportunities which may arise. Use of this flexibility has helped the portfolio outperform its benchmark over the quarter.

Our outlook for markets remains fluid in this current environment. We believe volatility is likely to be a key characteristic in the second half of 2020. With so much uncertainty prevailing we are likely to remain neutrally to cautiously positioned, though we are also mindful that volatile markets present investors with opportunities, which we will continue to actively pursue as they arise.

Market Review

As expected, global markets were heavily impacted by COVID-19 government restrictions and the flow-on effects of lockdown. Equities were volatile as shifting sentiment created swings between a risk-on and risk-off bias. Despite this, there was a net sharp rally over the quarter in equity markets as some COVID-19 lockdown measures started to be unwound. This leaves equity markets open to the risk of a correction. COVID-19 impacts were aggravated by increasingly acrimonious relations between the US and China. In addition, there is the risk of further waves of COVID-19, especially in the more densely populated countries, and the potential for economies to fall back once working capital supplied by government policies peters out and companies review their strategies and demand. The World Bank, the Organisation for Economic Co-operation and Development, and the International Monetary Fund all indicate they expect the worst global recession since the Great Depression.

In the US, the Federal Reserve (Fed) significantly increased its COVID-19-related lending programmes. Fed Chairman Jerome Powell suggested the central bank will use its "full range of tools" and act "forcefully, proactively and aggressively until it is confident the economy is on the road to recovery". He also said the central bank still had plenty of options available, with the expectation that monthly bond purchases will increase.

Availability

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

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