

# Future Directions Growth

Quarterly Investment Option Update

30 June 2020

## Aim and Strategy

To provide high returns over the long term through a diversified portfolio investing, mostly in shares with some exposure to alternative assets and property. The portfolio aims to achieve a rate of return above inflation after costs over a 5 to 7-year period.

## 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 (%)
International shares	39
Australian Shares	32
Growth Alternatives	10
Listed Property and Infrastructure	5
Unlisted Property and Infrastructure	5
Australian Fixed Interest	4
International Fixed Interest	3
Cash	2
Defensive Alternatives	0

Actual Allocation	%
International Shares	38.30
Australian Shares	32.31
Listed Property and Infrastructure	4.25
Unlisted Property and Infrastructure	6.34
Growth Alternatives	7.94
International Fixed Interest	6.71
Australian Fixed Interest	2.22
Defensive Alternatives	0.06
Cash	1.87

## Fund Performance

After a volatile March quarter, the Fund delivered a positive return over the June quarter as global markets rebounded due to encouraging developments in the global response to COVID-19. Growth assets, particularly shares, provided the largest contribution to overall return, partially recovering from lows experienced at the height of COVID-19 concerns in late March. Relatively, the Fund underperformed the benchmark over the quarter. Strong manager performance in the Australian shares and credit allocations was largely offset by devaluations across unlisted assets and private equity investments. However, the Fund comfortably exceeded its CPI objective over the period.

Investor sentiment improved throughout the June quarter as central banks and governments around the globe adopted stimulus programmes and commenced reopening economies. Growth assets, such as the Fund's shares allocations, experienced sizeable rebounds in this environment, despite the ongoing risks surrounding COVID-19. Developed and emerging market shares rallied 18.5% and 16.7% respectively (in local currency terms), boosted by the positive employment and business confidence data released. Australian shares rose 16.5%. The more interest rate sensitive assets, such as the Fund's credit and bond allocations, also generated positive returns as they gained liquidity support from central banks. Returns from the Fund's private equity, direct property and infrastructure allocations were constrained as asset revaluations captured the adverse impact of COVID-19.

## 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.

## Outlook

Looking ahead, we remain cognisant of the prevailing risks associated with COVID-19 over the near term. With certain regions continuing to experience rising infection rates, the possibility of a 'second wave' could lead to further social distancing measures being imposed or economies reverting to lockdowns. Ultimately this leaves markets susceptible to a correction or bouts of volatility should the situation worsen. We maintain a highly diversified portfolio to mitigate and diversify risk away from share market movements while holding a close to neutral growth-defensive asset split. A tilt into investment grade credit has also been adopted, given the more attractive yields and global central bank liquidity support for the asset class.

## Availability

Product Name	APIR
AMP Flexible Super	AMP1482AU*
AMP Flexible Super - Retirement	AMP1353AU*
CustomSuper	AMP0510AU
Flexible Lifetime - Allocated Pension	AMP0603AU*
Flexible Lifetime - Investments (Series 1)	AMP0691AU*
Flexible Lifetime - Investments (Series 2)	AMP1417AU*
Flexible Lifetime - Super	AMP0510AU*
Flexible Lifetime - Term Pension	AMP0925AU*
SignatureSuper	AMP0800AU
SignatureSuper - Allocated Pension	AMP1155AU
SignatureSuper Select	AMP0800AU

\*Closed to new investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



### What you need to know

This publication has been prepared by AMP Limited ABN 49 079 354 519. The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Group and AMP Life Limited ABN 84 079 300 379, AFSL 233671 (AMP Life) receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (Future Directions Growth). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, AMPCFM, ipac, AMP Life, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past Performance is not a reliable indicator of future performance.