



# AMP Capital Multi Asset

## Quarterly Investment Option Update

30 September 2020

### Aim and Strategy

To provide a total return (income and capital growth) before costs and tax of 5.5% pa above the trimmed mean Consumer Price Index (CPI) on a rolling five-year basis by investing in a diversified portfolio with broad asset allocation ranges. The portfolio invests across a range of traditional asset classes such as shares, credit, cash, fixed income and property, and is further diversified by investment in alternative assets, such as infrastructure and absolute return strategies, which are generally more illiquid. Exposure to a broad range of asset classes is achieved either through investment in underlying investments or direct investment into an asset. Set within a dynamic asset allocation framework, the portfolio's asset classes and asset allocation ranges are determined with reference to the portfolio's risk and liquidity guidelines. Asset class allocation and ranges may vary at any stage of the investment cycle. There is no guarantee that the asset allocation strategy will provide positive returns at all stages of the investment cycle. Throughout the investment cycle, when necessary, the portfolio will be rebalanced with the aim of ensuring that exposure to illiquid assets is no greater than 20% of the portfolio. The portfolio may also have exposure to currencies through both actively-managed investment strategies and risk management processes. International investments may be partially or fully hedged back to Australian dollars. The portfolio and its underlying managers or direct investments may use derivatives such as options, futures, forwards and swaps. The investment manager imposes restrictions on the use of derivatives within the portfolio and monitors the implementation of these restrictions in accordance with their risk management processes on the use of derivatives. Underlying managers or strategies in which the portfolio invests may use short selling.

### Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au/performance](http://www.amp.com.au/performance)

### Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	5 years
<b>Relative risk rating</b>	5 / Medium to High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
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
Unlisted Property and Infrastructure	N/A

<b>Actual Allocation</b>	<b>%</b>
International Equities	26.22
Fixed Income and Credit	20.85
Cash	12.58
Australian Equities	11.01
Defensive Alternatives	9.70
Direct Assets	7.41
High Yield Credit	6.83
Listed Real Assets	6.43
Growth Alternatives	1.56

## Fund Performance

The Fund performed solidly in the September quarter. The global economy continues to recover from the extreme lockdowns from earlier in the year and equity and credit markets continued to reflect that trend, albeit with a noticeable slowing in the overall pace. Both emerging and developed markets performed strongly during the quarter, with emerging markets delivering the standout returns. The Australian market bucked this trend and declined slightly. The Fund benefited from its major equity positions, notably key active managers such as GQG and Arrowstreet in global shares, but also through specific tilts toward Chinese stocks, inflation securities in Australia, and very strong performance from mortgage securities in the US.

## Market Review

Global equities rose during most of the quarter as the balance of data and economic expectations was initially viewed positively and on hopes that a COVID-19 vaccine might be available in a compressed timeframe. However, by quarter end, global equity markets suffered a pullback, led by the technology sector which later broadened to other sectors. Energy was also impacted as the oil price pulled back. For COVID-19, conditions and outlook remained uncertain. The global death count from the pandemic has now exceeded the one million mark.

Escalating tensions between the US and China have also elevated uncertainty. The US has rejected China's territorial claims to the South China Sea and has ended Hong Kong's special trade status with the US, requesting support in its stance from its allies. The US administration has also moved to put restrictions on some Chinese companies operating in the US, including TikTok and WeChat, although the US courts have moderated some of these decisions.

In the US, there is likely to be further downward pressure on the US dollar as quantitative easing measures continue to ramp up. An ongoing US dollar retracement would be consistent with improving global growth relative to that in the US and the US Federal Reserve's aggressive quantitative easing programme, which is significantly increasing the supply of US dollars.

## Outlook

We remain cautious in the near term. Virus cases are rising again in the US and Europe and although they remain below previous rates of new cases, it does mean that restrictive activity remains in place or rises in those regions. Sideways movement in mobility indicators also confirm this trend. The lack of a support package before the US election, and the approaching Northern Hemisphere winter, raise expectation that the fight against the virus may take a step back before improving again. Looking further ahead, however, and it is still highly likely that significant necessary support will be provided and medical advances in managing the virus will prevail. A Democrat victory in both the White House and Senate would improve the likelihood of a new and sizeable stimulus. The market appears to be comfortable with a more likely Democrat win in November.

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## Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1768AU
AMP Flexible Super - Super	AMP1756AU
CustomSuper	AMP1709AU
Flexible Lifetime - Allocated Pension	AMP1717AU
Flexible Lifetime - Super	AMP1709AU
SignatureSuper	AMP1734AU
SignatureSuper - Allocated Pension	AMP1743AU
SignatureSuper Select	AMP1734AU

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