



AMP Dynamic Balanced

Quarterly Investment Option Update

30 September 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/performance

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	7 years
Relative risk rating	6 / 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	30.75
Australian Shares	24.06
Cash	10.20
Listed Real Assets	10.17
Alternative Assets	8.54
International Fixed Interest	8.43
Australian Fixed Interest	8.26

Fund Performance

The AMP Dynamic Balanced Fund was broadly flat for the September quarter. Whilst many economies entered a recession, July and August saw equity markets rally. Buoyed by strong growth in the US technology sector and sustained monetary and fiscal policy stimulus, domestic and international shares positions generated strong returns. By September however, markets began to diverge as fears of a "second wave" of COVID-19 and renewed lockdowns dampened investor sentiment. Overall, the S&P/ASX 200 index ended the quarter down -0.4% whilst the MSCI World ex Australia index closed 6.9% higher (in local currency). Government bonds were generally unchanged as yields were largely range bound whilst credit markets rallied on the back of the insatiable chase for yield.

In this volatile environment, Fund performance was challenged particularly within the Dynamic Markets Fund allocation. The Dynamic Markets Fund is positioned for a post Covid-19 economic recovery through a long cyclical bias which underperformed during August and September as US technology stocks continued to surge higher. More positively, at the time of writing, this positioning has begun to add value to the portfolio as positive news on a vaccine saw a heavy rotation out of technology stocks and into value stocks such as Financials and Industrials.

Looking ahead, the final quarter of the year is poised to be eventful for markets. With the US election, the potential of further fiscal stimulus and positive news on a vaccine for COVID-19, members are likely to experience volatility. As such, we remain confident an active diversified approach across defensive and growth assets will benefit members going forward.

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.

Availability

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

*Closed to new investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



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