



# AMP Monthly Income Fund No. 1

Quarterly Investment Option Update

30 September 2020

## Aim and Strategy

To provide for a distribution rate of 1.00% per month and to achieve an underlying balance of capital growth and income over the medium to long term, primarily through a diversified portfolio of shares, property, fixed interest and cash.

## 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>	3 - 5 years
<b>Relative risk rating</b>	6 / High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian Shares	44
Australian Fixed Interest	34
Cash	13
International shares	6
Listed Property and Infrastructure	3

<b>Actual Allocation</b>	<b>%</b>
International Shares	6.51
Australian Shares	44.93
Listed Property and Infrastructure	3.81
Australian Fixed Interest	34.68
Cash	10.07

## Fund Performance

The Monthly Income Fund No. 1 delivered a positive return over the September quarter, building on the strong return over the June quarter. Growth assets again proved to be the key drivers of overall return, as global share markets rallied throughout July and August, although they were volatile in September.

While many economies went into recession, July and August saw share markets buoyed by strong growth in the US technology sector and sustained monetary and fiscal policy stimulus. However, by September 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%, while the MSCI World ex Australia index closed up 6.9% (in local currency terms). The opposite occurred in listed property markets, where the Australian market gained, driven by a positive earnings season, while their global counterparts retreated in September, to end the quarter fairly flat. Government bonds were generally unchanged as yields were largely range bound, while credit markets rallied due to the 'risk-on' tone of the quarter.

Within the Fund, strong stock selection in both Australian fixed income and listed property boosted relative returns. Looking ahead, the final quarter of the year is poised to be eventful for markets. We expect continued volatility with several major events on the horizon, including: (i) the US election; (ii) uncertainty surrounding further monetary and fiscal stimulus; and (iii) news [hopefully positive] on a vaccine and / or improved therapeutics for COVID-19.

We remain acutely aware that valuations are being tested throughout North America in several sectors (such as technology and communications) and may revert should sentiment wane, which would add to share market volatility towards calendar year end. As such, we remain confident that an active approach, with a focus on diversification across asset classes to assist in risk mitigation, is advantageous going into this period. Sizeable allocations to Australian fixed income and cash should provide some protection and diversification returns should share markets remain volatile.

## 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.

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## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	GIO0001AU*
Flexible Lifetime - Investments (Series 2)	AMP1442AU

\*Closed to new investors

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