



# AMP Active Balanced (Series 2)

Quarterly Investment Option Update

31 December 2020

## Aim and Strategy

To provide primarily capital growth with some income after costs and before tax, above the strategy's performance benchmark on a rolling 3 year basis, by investing across a range of asset types, with high exposure to growth assets. The strategy aims to provide investors with exposure to a diversified range of Australian and international growth sources across asset classes including shares, Australian listed property trusts, and global listed property securities.

## 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>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
International shares	32
Australian Shares	27
Australian Fixed Interest	15
Listed Property and Infrastructure	11
International Fixed Interest	10
Cash	5
Defensive Alternatives	0
Growth Alternatives	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	33.35
Australian Shares	27.36
Listed Property and Infrastructure	12.48
International Fixed Interest	7.77
Australian Fixed Interest	15.07
Cash	3.97

## Fund Performance

The Option delivered a strong positive return over the December quarter, continuing its impressive rebound since its lows in March, to finish the year on an encouraging note. As has been the case since March, the momentum of growth assets continued to be the key driver of the strong performance. However, over the quarter, the Option underperformed the benchmark (before fees), largely due to weak underlying manager returns, which also impacted its performance versus peers. Despite this, longer-term performance remains robust and ahead of peer median.

Geopolitics, stimulus relief and COVID-19 news dominated share markets. In the US, political uncertainty was quelled as Joe Biden was confirmed by the electoral college as the President Elect of the United States of America. Additionally, the signing of the economic stimulus relief bill, the CARES Act, provided further reprieve and economic support. Despite a worrying increase in COVID-19 cases in the northern hemisphere, the announcement of three effective vaccines improved investor sentiment to extend the post-US election rally into the year-end. Overall, the S&P/ASX 200 index ended the quarter up 13.7% and the MSCI World ex Australia index closed up 12.7% (in local currency terms). Cyclical segments of the market and small-cap stocks were among the key winners. However, the Option slightly underperformed across both Australian and international shares due to an overweight in exposure to quality, growth and momentum securities in a period where value (cyclicals) outperformed. Furthermore, adverse movements the Option's emerging market exposures also detracted from returns.

In fixed income markets, government bonds were largely flat as interest rates were range bound, while credit markets rallied, consistent with the 'risk-on' tone. The Option benefited from underlying managers who gained timely exposure to the credit market as spreads tightened. Performance within the alternatives and unlisted asset classes were mixed, positively contributing overall.

Looking ahead, we remain cautiously optimistic for 2021. We believe the factors that benefitted markets in 2020, including: (i) easy monetary policy; (ii) fiscal stimulus; (iii) rollout of vaccines; and (iv) the resolution of many geopolitical concerns, are likely to continue in the new year. However, the sharp 'V-shaped' recovery has left markets somewhat susceptible to a correction. As such, holding an active, well-diversified exposure to both growth and defensive assets will continue to benefit the Option should volatility return. Consequently, our positioning has remained unchanged. We continue to target a broadly neutral allocation, including exposures to unlisted and alternative strategies, which act as important diversifiers to our listed securities.

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## Availability

Product Name	APIR
Flexible Lifetime - Allocated Pension	AMP2055AU
Flexible Lifetime - Super	AMP2053AU

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