

AMP High Growth

Quarterly Investment Option Update

31 December 2020

Aim and Strategy

To provide high returns over the medium to long term through a diversified portfolio investing mostly in shares with some property, fixed interest and alternative assets.

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	6 to 9 years
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International shares	41
Australian Shares	32
Listed Property and Infrastructure	6
Unlisted Property and Infrastructure	6
Growth Alternatives	5
International Fixed Interest	4
Australian Fixed Interest	4
Cash	1
Defensive Alternatives	1

Actual Allocation	%
International Shares	41.55
Australian Shares	32.59
Listed Property and Infrastructure	4.92
Unlisted Property and Infrastructure	8.45
Growth Alternatives	2.66
International Fixed Interest	3.53
Australian Fixed Interest	3.50
Defensive Alternatives	1.92
Cash	0.88

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. Over the quarter, the Option performed in line with the benchmark (before fees), and performance was subdued compared to peers. Despite this, longer-term performance remains robust and in line with 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.

The Option benefited from its small allocation to fixed income, as underlying managers in both the domestic and international exposures outperformed their respective benchmarks. Returns from private equity, direct property and infrastructure were mixed. Allocations to private equity detracted as private company valuations lagged rallying share market benchmarks, although this underperformance should be clawed back over time. Direct property and infrastructure saw small gains. The performance the absolute return strategies were similarly mixed.

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.

Market Review

December saw some closure and improved visibility on issues that had been weighing on the market for most of 2020. Despite further COVID-19 waves, breakouts and new strains, tangible plans for vaccine rollouts in 2021 showed an improved path to normalcy. In Europe, a Brexit deal was finally agreed and signed. All-in-all, the global environment imparted a more positive backdrop at the tail-end of the year which kept equity markets supported. However, many equity markets now look stretched and signs of excessive optimism have been reflected in IPOs often trading significantly above their launch valuations, with sketchy or sometimes zero profitability.

Ahead of the US presidential election global equities exhibited mixed performance as the initial acrimonious presidential debate impacted market certainty and support. After a protracted count, Democratic candidate Joe Biden won the election, although it took significant time for the Trump administration to tacitly accept defeat and agree to co-operate with a transition of power. Post the US election, global equity markets were buoyed by increased political certainty and positive news on several viable COVID-19 vaccines.

Global markets will be looking ahead to 2021 hoping than the impact of 2020 will be able to be reversed as soon as possible once vaccine programmes start to make their full effect felt.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1325AU
Flexible Lifetime - Allocated Pension	AMP0609AU
Flexible Lifetime - Term Pension	AMP0899AU
SignatureSuper - Allocated Pension	AMP1133AU*

*Closed to new investors

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