

ipac Income Generator

Quarterly Investment Option Update

31 December 2020

Aim and Strategy

To provide regular income with some capital growth over rolling 5 year periods, whilst also maintaining moderate levels of capital stability. The portfolio uses a range of specialist investment managers to invest in a diversified mix of income-producing assets, including traditional income-generating investments like fixed interest and growth assets like equities (particularly Australian shares that generally pay higher dividends and can provide franking credits).

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	5 years
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Fixed Interest	N/A
Australian Shares	N/A
Cash	N/A
International Fixed Interest	N/A
International shares	N/A
Listed Property and Infrastructure	N/A
Actual Allocation	%
International Shares	18.31
Australian Shares	42.15
Australian Fixed Interest	39.54

Fund Performance

The Fund produced a modest positive return in January. After a strong start to the year, Australian equity markets experienced some volatility late in the month but finished in marginally positive territory. The Fund's Australian share strategies outperformed the market. Similarly, while global and Australian bond markets also lost ground, the Fund's corporate bond holdings managed to make small positive contributions, as did the Fund's community infrastructure assets. Our listed infrastructure and global shares holdings however made small negative contributions.

Portfolio Positioning

There were no major asset allocation changes over the month.

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 that the impact of 2020 will be able to be reversed as soon as possible once vaccine programmes start to make their full effect felt.

Outlook

Global economies continue to improve on the back of the positive trends in medical progress, economic re-openings, and supportive government and central bank policies. Australia looks especially well placed, given imminent vaccine rollouts and earnings improvements that should lead to better dividend payments in 2021. Current opportunities appear to be in areas like mining, however banks are also on an improving trend and should reclaim some of their ground lost in 2020. The Fund remains focused in the near-term on capturing these opportunities.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1763AU
AMP Flexible Super - Super	AMP1755AU
CustomSuper	AMP1708AU
Flexible Lifetime - Allocated Pension	AMP1716AU
Flexible Lifetime - Super	AMP1708AU
SignatureSuper	AMP1735AU
SignatureSuper - Allocated Pension	AMP1742AU

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