

# BlackRock Scientific Diversified Growth

Quarterly Investment Option Update

31 December 2020

## Aim and Strategy

The Fund aims to achieve superior investment performance that exceeds the returns of the neutral portfolio benchmark.

The Fund aims to provide investors with exposure to a growth orientated portfolio, which is managed relative to a benchmark comprised of a portfolio of published indexes, approximately 30% of which represent defensive assets and 70% of which represent growth assets.

The Fund invests across a range of domestic and international asset classes in seeking to maximise the benefits of global diversification.

## Investment Option Performance

To view the latest investment performances for each product please visit [amp.com.au/performance](http://amp.com.au/performance)

## Investment Option Overview

<b>Investment Category</b>	Multi Sector
<b>Suggested Investment timeframe</b>	5 years
<b>Relative risk rating</b>	6/ High
<b>Investment style</b>	Balanced
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Australian Shares	24.00	23.81
International Shares	31.50	31.67
Global Property (Listed)	5.00	4.98
Listed Infrastructure	5.00	5.03
Gold	6.00	6.01
Australian Bonds	11.00	11.08
International Bonds	14.00	14.03
Cash	3.50	3.39

Sector Allocation	%
Financials	12.2%
Information Technology	8.3%
Real Estate	7.7%
Materials	7.0%
Consumer Discretionary	7.0%
Industrials	6.9%
Health Care	6.4%
Communication Services	4.9%
Utilities	4.0%
Consumer Staples	3.9%
Energy	3.0%
None	28.7%

Regional Allocation	%
Australia	41.9%
United States	32.6%
Japan	2.8%
China	2.7%
United Kingdom	1.6%
Germany	1.4%
France	1.3%
Ireland	1.1%
Taiwan (Republic of China)	1.1%
Korea (South), Republic of	1.1%
Canada	1.0%
Netherlands	0.9%
Switzerland	0.9%
Hong Kong	0.8%
Other	8.7%

## Investment Option Commentary

The investment option recorded a strong quarter but underperformed its diversified benchmark. The investment option's exposure to Australian and international equities contributed the most to total performance in the fourth quarter of 2020, while exposures to listed infrastructure, global REITs, Emerging Market debt and credit also contributed positively. The portfolio's more defensive exposures (e.g. developed market government bonds) recorded relatively flat performance over the period.

Looking at active returns, the investment option underperformed its diversified benchmark this quarter but remains ahead over a 12-month period. The underperformance in the fourth quarter of 2020 was driven by security selection in Australian equities, along with negative returns from the investment option's liquid alternative allocation (style premia). The other active return sources recorded relatively muted performance over the quarter.

### Portfolio changes

The team recently finalised its periodic in-depth review of the Investment option's strategic asset allocation. This resulted in the following portfolio changes, which took place on or after 30 November 2020:

- A reduction in Australian Equities
- A modest increase in Emerging Market Equities
- An allocation to Global High-Yield Corporate Bonds
- A movement out of Global Fixed Interest and a reduction in Australian Fixed Interest in favour of Australian and US Inflation Linked Bonds
- An allocation to Gold

These changes reflect their updated assessment of the opportunities in each asset class in the context of the Investment option's strategic benchmark and are consistent with their philosophy of continuously monitoring and seeking to improve investment strategies.

## Market Commentary

Most global share markets gained over the third quarter of 2020, despite a significant pull-back towards quarter-end. Technology stocks continued to lead equity indices higher early in the quarter but were also leading on the way down in September. Economic data improved substantially from the lows in the previous quarter, but faster-moving indicators showed that the rate of improvement may be slowing. New coronavirus outbreaks have dampened the economic recovery in certain parts of the world including Australia, the US and parts of Europe. Many governments have started to respond to local outbreaks with localized and more targeted restrictions which generally have less severe effects on overall economic activity – meaning the broader recovery remains intact. Manufacturing and construction sectors are further along the recovery process than the services sector, with contact-intensive businesses still struggling.

Fixed income assets generally recorded positive performance over the quarter. Government bond yields remained near their all-time lows. 10-year government bond yields in the US finished the quarter at 0.68% (up 3 bps compared to the previous quarter), while 10-year German Bund yields closed at negative 0.52% (down 7 bps). Yields on Australian government bonds declined somewhat over the quarter, driven by expectations that the Reserve Bank of Australia (RBA) might lower interest rates in the near future. As such, Australian bond indices outperformed most global peers over the period.

## Availability

Product Name	APIR Code
SignatureSuper	AMP0785AU*

\*Closed to new investors

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