

AMP Balanced Growth

Quarterly Investment Option Update

31 March 2021

Aim and Strategy

To provide moderate to high returns over the medium to long term through a portfolio diversified across the main asset classes, but with an emphasis on shares and property.

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 (%)
International shares	32
Australian Shares	25
Australian Fixed Interest	10
International Fixed Interest	8
Listed Property and Infrastructure	7
Unlisted Property and Infrastructure	7
Growth Alternatives	5.5
Defensive Alternatives	3
Cash	2.5

Actual Allocation	%
International Shares	33.86
Australian Shares	25.35
Listed Property and Infrastructure	5.36
Unlisted Property and Infrastructure	9.08
Growth Alternatives	3.66
International Fixed Interest	7.89
Australian Fixed Interest	10.05
Defensive Alternatives	3.07
Cash	1.68

Fund Performance

The Option delivered a strong positive return over the March quarter, its fourth consecutive period of positive performance. Growth assets continued to be the key driver of performance, as broad-based optimism drove share markets higher, while more defensive assets weakened over the period. The Option outperformed its neutral benchmark (on a gross basis), largely due to strong performance by underlying managers, and this also positively impacted performance relative to peers. Longer term performance remains robust and largely ahead of peer median.

In share markets, investors reacted positively to the execution of a US\$1.9 trillion US economic stimulus bill, the American Rescue Plan Act, as well as strong progress on the vaccine rollout in the US and UK. Further economic support and the continued inoculation effort are expected to allow global economies to sustainably reopen and realise strong economic growth throughout 2021. Overall, the S&P/ASX 200 index ended the quarter up 4.3% while the MSCI World ex Australia index closed 6.2% higher (in local currency), largely driven by sharp gains in value stocks and commodities. The Australian share allocation performed broadly in line with the market and the international share allocation outperformed due to strong gains in value-led strategies.

In fixed income markets, government bonds and investment-grade credit retraced recent gains as interest rates rose sharply due to increased stimulus and an optimistic outlook. The fixed income allocation was similarly impacted, particularly those underlying managers with longer duration positions. Conversely, the unlisted assets and alternatives allocations, particularly private equity, gained as positive revaluations boosted returns.

Looking ahead, we remain cautiously optimistic for 2021. As the COVID-19 vaccine rollout continues to gain pace globally and the hospitalisation rate continues to trend downward, economies are able to ramp up their re-opening efforts, which could set them up for an economic boom. Against this backdrop, we look favourably upon shares relative to bonds. However, the sharp 'V-shaped' recovery has left markets somewhat susceptible to a correction. Consequently, our positioning has remained unchanged. We continue to maintain an active, well-diversified asset exposure, which should help mitigate volatility should this scenario arise.

Market Review

Share markets were volatile over the March quarter overall as uncertainty increased around the potential effect of upward pressure on bond rates, evidenced toward the tail-end of the quarter, nascent inflationary pressures, and how central banks will react in the current environment. There were also some concerns over the pace of vaccine rollout in some countries, supply bottlenecks, and the general pace of economic recovery. However, countering this, global share markets saw some support in the period from improving visibility developing around these areas. Despite this, technology stocks continue to exhibit some risk-on / risk-off vacillation around potentially excessive valuations and the ongoing rotation bias from growth into value.

In the US, the US\$1.9 trillion support programme was passed in an attempt to provide further stimulus to the economy and make good an initial election promise to reduce some economic inequality. Markets are hoping the programme will be able to stimulate activity without stoking inflation. The passing of the bill has imparted some confidence to the new administration and Joe Biden gave his first press conference, albeit somewhat later than expected, with optimism.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1321AU
Flexible Lifetime - Allocated Pension	AMP0594AU
Flexible Lifetime - Term Pension	AMP0894AU
SignatureSuper - Allocated Pension	AMP1130AU*

*Closed to new investors

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