

# Future Directions High Growth

Quarterly Investment Option Update

31 March 2021

## Aim and Strategy

To provide high returns over the long term through a diversified portfolio investing mostly in Australian and international shares with some exposure to infrastructure alternative assets and property. The portfolio aims to achieve a rate of return above inflation after costs over a 7-year period.

## 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>	7 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

Asset Allocation	Benchmark (%)
International shares	43
Australian Shares	39
Growth Alternatives	10
Unlisted Property and Infrastructure	4
Listed Property and Infrastructure	3
Cash	1
Defensive Alternatives	0
International Fixed Interest	0
Australian Fixed Interest	0

Actual Allocation	%
International Shares	45.46
Australian Shares	39.59
Listed Property and Infrastructure	2.72
Unlisted Property and Infrastructure	3.39
Growth Alternatives	6.39
International Fixed Interest	2.55
Defensive Alternatives	0.03

## Fund Performance

The Fund commenced 2021 on a positive note, delivering a fourth consecutive quarter of positive performance. Growth assets continued to be the key driver of performance as broad-based optimism drove the share market higher, while more defensive assets weakened. Overall, the Fund outperformed the benchmark and comfortably exceeded its CPI objective over the period.

In general, investors reacted positively to the execution of a US\$1.9 trillion US economic stimulus bill, the American Rescue Plan Act, as well as the strong progress of the vaccine rollout in the US and UK. It is expected that with the further economic support and continued inoculation effort, global economies should be able to sustainably reopen and realise strong economic growth throughout 2021. This backdrop saw share markets rally, and bond markets fall. Overall, the S&P/ASX 200 index ended the quarter up 4.3% and the MSCI World ex Australia index closed up 6.2% (in local currency terms), largely driven by sharp gains in value stocks and commodities. Unlisted assets and alternatives gained as investors reacted to positive sentiment.

Relative to the benchmark, the Fund performed well over the quarter. Active share exposures were a key driver of outperformance with value strategies, including active manager Orbis, performing strongly. Alternatives, particularly private equity, also made strong gains as revaluations boosted returns.

## 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.

## Outlook

Looking ahead, we remain cautiously optimistic for the remainder of 2021. As the COVID-19 vaccine rollout continues to gain pace globally and the hospitalisation rate continues to trend downward, economic growth is projected to boom as economies ramp up their re-opening efforts. Against this backdrop, we look favourably on shares relative to bonds. However, the sharp 'V-shaped' recovery has left markets somewhat susceptible to a correction. Should volatility reappear, it is important to remain focused on the long term. We maintain a broadly neutral position across most asset classes with most of the Fund composed of shares and listed real assets while also holding a small exposure to alternatives for diversification.

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## Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1355AU*
AMP Flexible Super - Super	AMP1484AU*
CustomSuper	AMP0657AU
Flexible Lifetime - Allocated Pension	AMP0604AU*
Flexible Lifetime - Investments (Series 1)	AMP0692AU**
Flexible Lifetime - Investments (Series 2)	AMP1419AU**
Flexible Lifetime - Super	AMP0657AU*
Flexible Lifetime - Term Pension	AMP0927AU*
SignatureSuper	AMP0801AU
SignatureSuper - Allocated Pension	AMP1082AU
SignatureSuper Select	AMP0801AU

\*Closed to new investors

\*\*Closed to new and existing investors

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