

# ipac Income Generator

Quarterly Investment Option Update

31 March 2021

## 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](http://www.amp.com.au/performance)

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
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

<b>Actual Allocation</b>	<b>%</b>
International Shares	18.87
Australian Shares	43.71
Australian Fixed Interest	37.42

## Fund Performance

The Fund delivered another positive return in the March quarter. Share markets were volatile, as uncertainty increased around upward pressure on bond rates and how central banks may react in an environment of emerging inflationary pressure. There were also some concerns over the pace of vaccine rollouts, potential vaccine side effects and some further lockdowns. Our allocation to Martin Currie's Australian equities portfolio outperformed over the quarter, amid a continuing market-shift towards value-orientated stocks. Meanwhile, the Fund is maintaining its objectives of generating regular and reliable income, growing above inflation. As you may be aware, the AMP Capital Income Generator invests into the AMP Capital Community Infrastructure Fund ("CommIF"). On 3 March 2021, the CommIF responsible entity ("RE") received an unsolicited proposal to replace the RE and appoint a new manager. The RE has appointed an independent board committee ("IBC") to assess if the proposal is in the best interests of members and will make best efforts to inform and update investors as the assessment process continues.

## Portfolio Positioning

There were no major asset allocation changes over the month, with the Fund continuing to lean into the recovery in fundamentals in Australia through a tilt towards more growth orientated assets (particularly in Australia) and a slightly lower bond exposure than normal. This temporary fine-tuning in positioning is aimed at benefiting from the corporate earnings and dividend recoveries underway in Australia.

## 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

Global economies continue to improve on the back of extraordinary progress in vaccine development and efficacy combined with continued stimulus from central banks and governments. Australia continues to look well placed, particularly given improving corporate earnings, which should lead to increased dividends on offer in 2021. Looking ahead, we are optimistic that market returns should be reasonable given the support from earnings growth and policy. The pandemic saw significant capital raising and capital management, that is translating into quite strong balance sheets and in many cases, quite high franking balances. Some stocks in the banking and materials sectors look especially appealing to us, with a reasonable number having franking credits on their balance sheets worth more than 10% of their market capitalisation.

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## 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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