



AMP Dynamic Balanced

Quarterly Investment Option Update

30 June 2021

Aim and Strategy

The investment objective of the portfolio is to outperform the median of the Chant West growth fund survey over the investment horizon of the fund (7 years). The portfolio aims to provide the investor with a cost-effective investment across the main asset classes with higher exposure to growth assets. Exposure to these will be attained predominantly through the use of index-focussed investment managers. A portion of the portfolio (25%) also runs a dynamic asset allocation investment approach which aims to achieve growth by adopting a flexible approach to asset allocation. This portion of the portfolio will have exposure to assets such as shares, listed property, commodities, fixed income, credit and cash through derivatives, exchange traded funds or index funds.

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	7 years
Relative risk rating	Medium to High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Fixed Interest	N/A
Australian Shares	N/A
Cash	N/A
Growth Alternatives	N/A
International Fixed Interest	N/A
International shares	N/A
Listed Property and Infrastructure	N/A
Actual Allocation	%
International Shares	30.29
Australian Shares	24.27
Listed Real Assets	13.36
Alternative Assets	9.17
Australian Fixed Interest	8.12
International Fixed Interest	7.45
Cash	7.33

Fund Performance

The Fund produced a modest positive return in the June quarter, as global equity markets and real assets continued to rise and economies continued to recover, despite concerns around the persistency of inflationary pressures, the sustainability of ongoing stimulus packages and unresolved global supply-demand mismatches. Bond yields also fell over the period, producing a flattening in the US yield curve as shorter dated maturities remained buoyed.

Within the actively managed portion of the Fund, invested in the AMP Capital Multi-Asset Fund, strong contributions have recently come from equities, real assets and alternative strategies. As at the end of June, this Fund has a larger than average exposure to equities, favouring cheaper cyclical areas, and is underweight its normal levels of bonds. Meanwhile, exposure to alternative and active strategies remains higher than average.

Looking ahead, we believe the remainder of 2021 is poised to be volatile at times, but positive tailwinds are likely to persist. As we move further along the investment cycle, an issue is the increasing correlations between equities and bonds. In a more inflationary and tapering regime, bonds are less likely to provide the diversification and defensive qualities they have previously offered. Within the Multi Asset Fund, defensive characteristics continue to come from a combination of defensive securities, including currencies, longer-term bonds and option protection. Overall, we believe the current environment offers opportunities that will benefit active strategies with well-defined processes and flexibility over those that are more passively oriented.

Market Review

The economic backdrop became more complicated as the quarter progressed. Uncertainty over the persistency of inflationary pressures, ongoing stimulus packages, more hawkish than expected US Federal Reserve communications, and stretched valuations in many areas, all resulted in a more heterogeneous market interpretation of future economic direction and an increasingly fluid risk on/ risk off bias. In addition, there remain some unresolved global supply-demand mismatches. The G7 meeting in Cornwall concluded with communications regarding the equalisation of global taxes but there is long way to go before anything concrete can be agreed on an international basis. The meeting also laid bare the West's increasingly fractious relationship with China. However, this year's summit was generally considered to be more positive than recent ones under the Trump administration, which should augur well for increased global cohesion, especially amongst developed democracies. Strong US demand is coming up against some supply-demand mismatches and bottlenecks which are also boosting market fears of inflation. However, the US Federal Reserve is playing down inflationary risks, citing they are transitory, which is currently assuaging markets. Despite this, investors will be watching how the combined effect of ongoing stimulus programmes, married to disrupted and possible structural changes to some supply chains, may ultimately impact the longer-term inflationary environment.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP2057AU*
AMP Flexible Super - Super	AMP2058AU*

*Closed to new investors

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