

# AMP High Growth

## Quarterly Investment Option Update

30 June 2021

### Aim and Strategy

To provide high returns over the medium to long term through a diversified portfolio investing mostly in shares with some property, fixed interest and alternative assets.

### 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>	6 to 9 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

Asset Allocation	Benchmark (%)
International shares	41
Australian Shares	32
Listed Property and Infrastructure	6
Unlisted Property and Infrastructure	6
Growth Alternatives	5
International Fixed Interest	4
Australian Fixed Interest	4
Cash	1
Defensive Alternatives	1

Actual Allocation	%
International Shares	43.71
Australian Shares	32.67
Listed Property and Infrastructure	6.11
Unlisted Property and Infrastructure	6.61
Growth Alternatives	2.45
International Fixed Interest	3.75
Australian Fixed Interest	3.76
Defensive Alternatives	1.92

## Fund Performance

The Option delivered a positive gain over the June quarter, rounding off an exceptionally strong performance for the 2020-21 financial year. Most asset classes posted positive returns over the quarter, with domestic and international share markets delivering the strongest returns. The Option outperformed relative to its benchmark (before fees), however it lagged compared to its peers as it holds a lower allocation to growth assets which performed strongly over the period.

Share markets moved higher due to supportive monetary and fiscal policy, combined with continued economic recovery, which was enabled by the accelerating inoculation effort across developed countries. Manufacturing and service sector activity rose strongly, and against this backdrop most share market sectors rallied. The S&P/ASX 200 index ended the quarter up 8.3% while the MSCI World ex Australia index closed 7.6% higher (in local currency terms). Listed property and infrastructure sectors made meaningful gains following assurances from the US Federal Reserve that any tightening in the near term is unlikely. Within the Option, broad Australian and international share exposures performed largely in line with markets. However, exposures to more value-driven, yield-sensitive sectors such as listed property and infrastructure outperformed, boosting overall performance.

Fixed income markets, government bonds and investment grade credit moved sideways as yields remained largely range bound. The Option's underlying fixed income managers outperformed the market. Unlisted assets, particularly private equity, as well as alternatives such as 'style premia' strategies, also generated positive returns as revaluations rose alongside listed markets.

Looking ahead, we remain cautiously optimistic about the outlook for markets. As the COVID-19 vaccine rollout continues to gain pace and economic growth follows on the back of the gradual rollback in lockdown measures, we believe the recovery theme remains intact. Against this backdrop, we look favourably upon shares relative to bonds. However, new COVID-19 variants and inflationary concerns has left markets somewhat susceptible to a correction. The Option maintains an active, well-diversified asset exposure which should continue to support return resilience in this environment.

## 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.

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## Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1325AU
Flexible Lifetime - Allocated Pension	AMP0609AU
Flexible Lifetime - Term Pension	AMP0899AU
SignatureSuper - Allocated Pension	AMP1133AU*

\*Closed to new investors

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