

AMP Balanced Growth

Quarterly Investment Option Update

30 September 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	Medium to 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	36.07
Australian Shares	25.46
Listed Property and Infrastructure	6.33
Unlisted Property and Infrastructure	8.40
Growth Alternatives	5.60
International Fixed Interest	7.61
Australian Fixed Interest	9.67
Defensive Alternatives	3.01
Others	0.01

Fund Performance

The Option delivered a positive gain over the September quarter, despite bouts of volatility throughout the period. Performance was mixed for most asset classes, with share allocations starting off strongly then selling off in September as global sentiment deteriorated. The Option performed broadly in line with the neutral benchmark over the quarter (before fees), as positive underlying manager performance in listed real asset sectors was offset by slight underperformance in broader share and international bond exposures. The Option underperformed against its peers over the period.

July and August saw share markets continue to move higher as a strong earnings season and dovish global central banks buoyed investor sentiment. However, growth and inflationary concerns late in the period saw most global share markets retrace earlier gains. Overall, the S&P/ASX 200 index ended the quarter up 1.7% while the MSCI World ex Australia index closed 0.6% higher (in local currency terms). Emerging market shares ended down 2.8% (in local currency terms) as increased regulations in China as well as the potential default of large Chinese property developer, Evergrande, saw investors rotate out of the region. Listed real assets also started strong but gave up a portion of gains by quarter end as concerns about China increased, and as global economic growth weakened. Within the Option, broad Australian and international share allocations slightly underperformed benchmark, but still generated a positive return. Exposures to inflationary-driven, yield-sensitive sectors, such as property and infrastructure, outperformed and boosted overall Option performance.

In fixed income markets, government bonds and investment grade credit tracked sideways as yields remained largely range bound. Within the Option, underlying fixed income manager performance was mixed as domestic allocations underperformed while international allocations exceeded benchmark. Unlisted assets, particularly private equity, as well as absolute return strategies, also generated small gains in line with listed markets.

Despite increased volatility over the quarter, we remain optimistic about the remainder of 2021. With the global economy on the path to recovery, we continue to look favourably upon shares relative to bonds. However, the impact of the pandemic during the northern hemisphere winter, as well as inflationary concerns and future tightening of monetary policy, has left markets somewhat susceptible to a short-term correction. Maintaining an active, well-diversified asset exposure in addition to a focus on the long term should aid portfolio resilience and performance outcomes.

Market Review

A complex macroeconomic and political backdrop characterised the September quarter, pulling markets in varying directions. Major themes included ongoing fears on the persistency of inflation, a focus shifting towards living with COVID-19 rather than persisting with lockdowns - particularly given much of the population has now had the opportunity to be vaccinated - and the mixed interpretation of central bank communications leading to continued speculation on the path towards 'normalisation' of monetary and fiscal policy. Geopolitics was also heavily in focus, as the US withdrew from Afghanistan, leading to a swift and unopposed takeover by the Taliban regime. China was also in the spotlight during the period, coming under criticism for adopting an apparent conciliatory tone towards the Taliban, in addition to its continued regulatory crackdown on technology and the property sector amid its continuing broader shift towards 'big government' policy. Later in the quarter, volatility rose in markets on heavily fluctuating commodity prices, as well as the news that major Chinese property developer, China Evergrande Group, had run into financial stress, with concerns that a failure to pay its debts could spread to global markets, given its significant size. This volatility was further exacerbated by concerns on the Biden administration's upcoming tax rises and an impending debt-ceiling in the US, with the risk of a government shutdown possible.

Availability

Product Name	APIR
AMP Flexible Super - Super	AMP1451AU
CustomSuper	AMP0165AU
Flexible Lifetime - Super	AMP0165AU
SignatureSuper	AMP0749AU*
SuperLeader	AMP1883AU

*Closed to new investors

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