

AMP Active Balanced

Quarterly Investment Option Update

31 December 2021

Aim and Strategy

To provide a total return (primarily capital growth with some income) after costs and before tax, above the strategy's performance benchmark on a rolling 3 year basis, by investing across a range of asset types, with high exposure to growth assets. The strategy aims to provide investors with exposure to a diversified range of Australian and international growth sources across asset classes including shares, Australian listed property trusts, and global listed property securities.

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	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Global shares	32
Australian shares	27
Australian fixed interest	15
Global fixed interest	10
Listed property	6
Listed infrastructure	5
Cash	5
Defensive alternatives	0
Growth alternatives	0

Actual Allocation	%
International Shares	32.71
Australian Shares	27.97
Listed Property and Infrastructure	11.65
International Fixed Interest	8.47
Australian Fixed Interest	15.13
Cash	4.06

Fund Performance

The Option ended 2021 with a positive December quarter return, despite the threat of higher inflation and the emergence of the Omicron variant. Growth assets, particularly equity allocations, saw strong gains over the period, whilst more defensive asset classes, such as bonds and absolute return strategies, were more subdued. Over the period, the Option performed broadly in line with the neutral benchmark (on a gross basis), as positive underlying manager performance in the equity and listed real asset sectors was offset by slight underperformance in domestic and international bond exposures. Additionally, the Option marginally underperformed against peers over the quarter.

As was the case throughout 2021, global share markets continued to trend upwards despite concerns centred around COVID-19 and its economic ramifications. Investors were buoyed by a strengthening corporate earnings outlook for 2022 in addition to the potential easing of supply chain constraints. Overall, the S&P/ASX 200 index ended up 2.1%, while the MSCI World ex Australia index closed 8.3% higher (in local currency terms). Emerging market shares ended down -0.9% (in local currency terms) as they were harder hit by prevailing inflationary concerns and weakness in Chinese economic growth. Both unlisted and listed real assets posted strong returns, as valuation uplifts aided performance. Within the Option, broad Australian equity and international share exposures outperformed markets, boosting overall relative return. Exposures to inflationary driven sectors, such as listed property and infrastructure, also added value. Listed property allocations in particular have made strong relative gains, generating a +4% over the year versus benchmark.

In fixed income markets, government bonds and investment grade credit ended the period broadly lower, as yields moved higher on inflationary concerns and the foreshadowed tightening of monetary policy. Underlying fixed income manager performance was mixed, as domestic positions outperformed whilst international allocations drifted lower against benchmark. Unlisted assets saw a strong uplift as valuations continued their trend upwards. Absolute returns strategies were more subdued meanwhile, as volatility and rate movements presented a challenging environment for our underlying managers.

Looking ahead, we remain optimistic for 2022, albeit with continued risks. COVID-19, inflation and rate hikes are likely to weigh on investor sentiment, leaving share markets somewhat susceptible to a short-term correction. Bond markets also are also likely to be constrained as monetary policy begins to tighten in response to higher inflation. However, we continue to believe investors that remain invested will be rewarded as the global recovery continues. Maintaining an active, well-diversified asset exposure, in addition to a long-term focus, should aid portfolio resilience and investor outcomes.

Availability

Product Name	APIR
SignatureSuper - Allocated Pension	AMP2567AU*

*Closed to new investors

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What you need to know

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