

# AMP All Growth

Quarterly Investment Option Update

31 December 2021

## Aim and Strategy

To provide high returns over the long term through a portfolio investing mostly in Australian and international shares.

## 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>	7 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

Asset Allocation	Benchmark (%)
Global shares	47
Australian shares	40
Listed property and infrastructure	5
Unlisted property and infrastructure	3.5
Growth alternatives	2.5
Cash	1
Defensive alternatives	1
Global fixed interest	0
Australian fixed interest	0

Actual Allocation	%
International Shares	47.23
Australian Shares	40.95
Listed Property and Infrastructure	5.07
Unlisted Property and Infrastructure	3.06
Growth Alternatives	1.34
Defensive Alternatives	0.87
Cash	1.48

## 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 outperformed 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.

Unlisted assets, particularly private equity, saw a strong uplift as valuations continued their trend upward. Absolute return strategies meanwhile were more subdued, as volatility and rate movements presented a challenging environment for 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.

## Market Review

The December quarter saw investor sentiment remain generally buoyant, reflected in global equity markets climbing to new highs towards year-end, as markets began to accept high inflation as a prevailing condition, rather than a transient concern, while the world continued its long-winded road towards exiting the COVID-19 pandemic. US inflation was shown to be at 6.8% over the year to November, the highest seen in 39 years, with many other countries also reaching multi-year peaks. Indeed, the rhetoric of the US Federal Reserve (Fed) took a notable, slightly hawkish turn in this regard, with Chair Jerome Powell, indicating a clear preference to speed up the withdrawal of bond purchases given current inflationary pressures that Powell believes will remain "well into next year."

Outside of finance, the broader media focus was on the latest COVID-19 variant, Omicron. While raw case numbers rapidly rose to new peaks towards the end of the quarter, numerous studies have now shown Omicron symptoms to be generally relatively mild in nature (despite being considerably more infectious), with fatality and hospitalisation percentage rates far below that of previous variants. As has been the case for some time however, global governments reacted vastly differently across the globe, heavily impacting confidence, trade, travel and adding to civil discontent.

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## Availability

Product Name	APIR
SignatureSuper - Allocated Pension	AMP1127AU*
SignatureSuper Term Pension	AMP1127AU*

\*Closed to new investors

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