



Professional Alternative Balanced

Quarterly Investment Option Update

31 December 2021

Aim and Strategy

To provide moderate long term investment returns, with less exposure to the volatility of the conventional methods. The portfolio will primarily invest in a diversified mix of defensive and growth assets managed by professional asset managers.

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	4 years
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	23
Defensive alternatives	23
Global shares	23
Australian and global fixed interest	17
Listed property and infrastructure	7
Cash	5
Growth alternatives	2

Actual Allocation	%
International Shares	23.43
Australian Shares	22.98
Listed Property and Infrastructure	6.88
Growth Alternatives	2.73
International Fixed Interest	17.13
Defensive Alternatives	25.64
Cash	1.20

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.

Outlook

In our view, 2022 offers a host of risks and opportunities. For example, we believe commodities markets present opportunities, given the current themes of underinvestment, decarbonization and COVID-related disruptions. Regarding risks, we feel these are focused around tightening monetary policy, geopolitics, climate and China. Perhaps the greatest positive theme, however, is the potential for COVID-19 to finally be forced into relative submission through the combined forces of medical progress, immunity and milder mutations.

Availability

Product Name	APIR
SignatureSuper	AMP1733AU*

*Closed to new investors

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