

Future Directions Conservative

Quarterly Investment Option Update

31 March 2017

Aim and Strategy

To provide moderate returns over the medium term through a diversified portfolio, with a bias towards defensive assets such as cash and fixed interest.

The portfolio aims to achieve a rate of return above inflation after costs over a 3 year period.
(Multi-manager investment approach)

Investment Option Performance

To view the latest investment performances please visit www.amp.com.au

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0656AU
AMP Flexible Super - Retirement account	AMP1349AU
AMP Flexible Super - Super account	AMP1478AU
CUSTOM SUPER	AMP0656AU
Flexible Lifetime - Allocated Pension	AMP0602AU
Flexible Lifetime - Term Pension	AMP0923AU
Flexible Lifetime Investment	AMP0688AU
Flexible Lifetime Investment (Series 2)	AMP1413AU
Investment Linked Deferred Annuity	AMP0759AU
Investment Linked Single Premium	AMP0094AU
Investment Linked Single Premium	AMP0136AU
METCASH SUPERANNUATION PLAN	AMP0656AU
MultiFund Flexible Income Plan	AMP0709AU
Signature Super	AMP0799AU
Signature Super Allocated Pension	AMP1081AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	10	0-20
Global Shares	11	0-20
Growth Alternatives	6.5	0-20
Australian Property	4.5	0-20
Global Property		
Global Infrastructure	0	0
Defensive Alternatives	5	0-20
Australian Bonds	23	10-55
Global Bonds	20	5-40
Cash	20	0-50

Top Ten Australian Shares Exposure	%
Commonwealth Bank of Australia	8.88
JCP Australian Equity (Core) Long-Short Fund	7.77
BHP Billiton Ltd	5.78
Westpac Banking Corp	5.67
National Australia Bank Ltd	5.46
CSL Ltd	3.58
Macquarie Group Ltd	3.43
Australia & New Zealand Banking Group Ltd	3.22
Aristocrat Leisure Ltd	2.45
Treasury Wine Estates Ltd	2.43

Investment Option Overview

Investment category	Diversified - Conservative
Suggested investment timeframe	3 years
Relative risk rating	Low
Investment style	Multi Manager

Top Ten International Shares Exposure	%	Actual Allocation	%
APPLE INC	2.00	Cash	28.27
HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND	1.65	Australian Fixed Interest	22.75
Alphabet Inc	1.34	Alternative Assets Growth	12.67
Microsoft Corp	1.32	International Shares	11.64
Amazon.com Inc	0.95	Australian Equities	9.42
Facebook Inc	0.89	International Fixed Interest	7.75
EXXON MOBIL CORPORATION	0.87	Alternative Assets Defensive	2.72
WELLS FARGO & COMPANY	0.80	Direct Property	1.79
JPMorgan Chase & Co	0.78	Others	1.51
Johnson & Johnson	0.73	International Listed Property	1.47

Portfolio Summary

- > The March quarter resulted in positive Fund performance, with equity markets contributing greatly to overall performance.
- > Overweight positions in international equities, particularly with a conviction to Europe and emerging markets, contributed to overall returns.

Investment Option Commentary

The FD Conservative Fund achieved a positive return of 1.3% in the March quarter on the back of strong returns across most markets, particularly listed equities. Improvements across key economic indicators globally, upward earnings revisions and the recovery in commodity prices saw equity markets continue their post-Trump rally. Domestic and international bonds initially suffered over the quarter with tightening US monetary policy. However, the US Federal Reserve highlighted that further rate increases would be much more gradual. This saw bonds recover, aiding Fund returns. With investors pivoting into growth-oriented assets, the Fund's equity allocation provided the greatest contribution to overall performance, especially active positions taken in European and emerging markets equities. Australian shares also gained from stabilising commodity prices and the continued housing market boom. The strength in housing also aided returns from our domestic-domiciled unlisted real assets.

Fund positioning and outlook

For the year ahead, we maintain the view that global growth is likely to continue to gain momentum. We expect Europe and the emerging markets to be key beneficiaries of this improved growth, and we are overweight exposure to these regions. We are cognisant of several risks which could cause market weakness. This includes geopolitical volatility from upcoming elections in Europe, a sharper than expected rise in bond yields and profit taking after the recent US market rally. In this environment, we have added protection strategies and are overweight cash to help mitigate any downside impact.

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