

AMP Capital Balanced Growth Fund



Quarterly Investment Option Update

31 December 2017

Aim and Strategy

Aim and strategy: To provide a total return (primarily capital growth with some income) after costs and before tax, above the relevant benchmarks of the underlying investments on a rolling 3 year basis. The investment manager, AMP Capital, invests in a diversified range of Australian and international growth sources across asset classes including shares and listed property trusts.

Investment Option Performance

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

Availability

Product name	APIR
Flexible Lifetime Investment	AMP0013AU
Flexible Lifetime Investment (Series 2)	AMP1391AU
AMP Flexible Lifetime Super	AMP0165AU
AMP Flexible Super - Retirement	AMP1321AU
AMP Flexible Super - Super	AMP1451AU
AMP Growth Bond	AMP1190AU
Investment Linked Deferred Annuity	AMP0715AU
Multifund Flexible Income	AMP0475AU
Multifund Rollover	AMP0745AU
Signature Super	AMP0948AU
Signature Super – Allocated Pension	AMP1130AU
Super Leader	AMP1883AU
Flexible Lifetime - Term Pension	AMP0894AU
Custom Super	AMP0165AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	35	28-42
Global Shares	26	19-33
Growth Alternatives	0	0-2
Australian Property	5	0-20
Global Property	5	0-20
Defensive Alternatives	2	0-4
Australian Bonds	14	5-30
Global Bonds	8	0-15
Cash	5	0-20

Top Ten Australian Securities	%
COMMONWEALTH BANK AUST	8.19
Westpac Banking Corp	6.14
BHP Billiton Ltd	5.64
Australia & New Zealand Banking Group Ltd	4.84
National Australia Bank Ltd	4.55
CSL Ltd	3.85
Wesfarmers Ltd	3.04
Telstra Corp Ltd	2.45
Woolworths Group Ltd	2.12
Macquarie Group Ltd	1.94

Investment Option Overview

Investment category	Diversified - Balanced
Suggested investment timeframe	5 years
Relative risk rating	Medium
Investment style	Active

Top Ten International Shares Exposure	%
Alphabet Inc	2.56
Facebook Inc	2.29
APPLE INC	1.57
Lowe's Cos Inc	1.45
Visa Inc	1.44
Mastercard Inc	1.28
WELLS FARGO & COMPANY	1.23
UnitedHealth Group Inc	1.23
Microsoft Corp	1.21
XPO Logistics Inc	1.13

Actual Allocation	%
Australian Equities	27.60
International Equities-(UH)	24.59
Australian Fixed Interest	13.91
International Equities-(H)	10.73
Cash	9.28
International Listed Property	6.56
International Fixed Interest	3.71
Australian Listed Property	2.62
Global Listed Infrastructure	0.98
Alternative Assets	0.00
Emerging Markets	0.00
Emerging Market Equities	0.00

Portfolio Summary

- > The AMP Balanced Fund ('Fund') achieved a positive absolute return over the December quarter.
- > Most asset classes delivered positive returns over the quarter
- > The largest contributors to performance were Australian and international shares.

Investment Option Commentary

The AMP Balanced Fund achieved a positive absolute gain in the December quarter to end what was a strong year for the Fund. Encouraging economic releases and robust corporate earnings results boosted investor sentiment globally, reflecting favourably on risk-based assets.

The Fund's allocation to international equities provided a significant contributor to the Fund's overall return over the quarter. Supportive currency movements, improved corporate earnings and lower than anticipated geopolitical risks were the key drivers of growth in developed international markets holdings. Australian equities ended the quarter strongly with the market rallying strongly into the end of the year. Energy, information technology and materials were the best performing sectors; while utilities, financials and industrials were relatively poor performers (despite still doing well in absolute terms). Defensive assets in the Fund – particularly fixed interest – underperformed equity markets due to the gradual tightening of monetary policy globally and improving economic growth outlook.

For the start of 2018, we remain relatively comfortable in maintaining a bias towards international equities given our continued positive outlook on global growth. However, with a maturing business cycle in the US, increasing global equity valuations and gradual tightening of global monetary policy, we remain cognisant that markets could see some volatility through 2018. Our overall bond position remains underweight in favour of cash as we expect bonds to remain vulnerable to any further evidence of inflationary pressure or monetary tightening.

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