

AMP Capital Multi Asset

Quarterly Investment Option Update

31 December 2017

Aim and Strategy

To provide a total return (income and capital growth) before costs and tax of 5.5% pa above the RBA inflation rate (CPI) - trimmed mean on a rolling 5 year basis by investing in a diversified portfolio with broad asset allocation ranges.

The portfolio invests across a range of traditional asset classes such as shares, credit, cash, fixed income and property, and is further diversified by investment in alternative assets, such as infrastructure and absolute return funds, which are generally more illiquid.

Exposure to a broad range of asset classes is achieved either through investment in underlying investments, or direct investment into an asset.

Set within a dynamic asset allocation framework, the portfolio's asset classes and asset allocation ranges are determined with reference to the portfolio's risk and liquidity guidelines.

Asset class allocation and ranges may vary at any stage of the investment cycle. **There is no guarantee that the asset allocation strategy will provide positive returns at all stages of the investment cycle.**

Throughout the investment cycle, when necessary, the portfolio will be rebalanced with the aim of ensuring that exposure to illiquid assets is no greater than 20% of the portfolio.

The portfolio may also have exposure to currencies through both actively managed investment strategies and risk management processes. International investments may be partially or fully hedged back to Australian dollars.

The portfolio and its underlying managers or direct investments may use derivatives such as options, futures, forwards and swaps. The investment manager imposes restrictions on the use of derivatives within the portfolio and monitors the implementation of these restrictions in accordance with their Derivative Risk Statement. Underlying managers or funds in which the portfolio invests may use short selling.

Investment Option Performance

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

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1709AU
AMP Flexible Super - Retirement account	AMP1768AU
AMP Flexible Super - Super account	AMP1756AU
CUSTOM SUPER	AMP1709AU
Flexible Lifetime - Allocated Pension	AMP1717AU
Signature Super	AMP1734AU
Signature Super Allocated Pension	AMP1743AU

Investment Option Overview

Investment category	Multi Sector (Specialist)
Suggested investment timeframe	5 years
Relative risk rating	Medium - high

Asset Allocation	Benchmark	Range (%)
Australian Shares	N/A	0-40
Global Shares	N/A	0-60
Emerging Market Shares	N/A	0-30
Growth Alternatives	N/A	0-30
Australian Property	N/A	0-5
Global Property	N/A	0-30
Property & Infrastructure - Australian Infrastructure	N/A	0-5
Global Infrastructure	N/A	0-5
Defensive Alternatives	N/A	0-40
Global Bonds	N/A	0-70
High Yield Bonds	N/A	0-40
Cash	N/A	0-100

Actual Allocation	%
Growth assets	58.50
Defensive assets	41.50

Investment Option Commentary

Global equity markets surged in the final quarter of 2017, returning over 5% in the last 3 months and around 13% for the year. Emerging market equities were the standout, reaching almost 8% in the quarter and 27% for the year. Bond markets made small gains over the quarter, but started to suffer from rising rates toward the end of the year. The Fund performed reasonably well over the quarter helped by equities, and ended the year well ahead of target. Our two key underlying equity strategies were both very strong.

Portfolio activity

The Fund added three new positions over the quarter. In December we introduced a new Australian Equities long short strategy, run by Ausbil. This is a high-performance stock picking strategy that can hold both long and short positions and should complement the Vinva fund, that is more quantitatively based. In addition, we increased exposures expected to benefit from the ongoing cyclical strength in earnings, growth, and commodities; the key positions being in global energy stocks and US banks. Both positions have performed well since introduction.

Outlook

The global economy continues to enjoy synchronised growth across most countries (over 80% are growing above trend), high earnings growth and strong employment trends. The laggard is inflation, however there are signs of this moving back to normal in 2018 which should be welcomed, but will come with increased uncertainty as to whether it encourages faster monetary tightening. The portfolio remains positioned for cyclical strength and higher inflation, but also increasingly is anticipating a near term correction, for which we hold solid levels of protection and high levels of liquidity.

Contact Us

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