

# AMP Conservative

Quarterly Investment Option Update

31 December 2017

## Aim and Strategy

Aim and strategy: To provide returns greater than those from cash over the short to medium term through a diversified portfolio, with a core of cash and fixed interest and some exposure to shares and property.

## Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://www.amp.com.au)

### Availability

Product name	APIR
<a href="#">AMP Flexible Lifetime Super</a>	AMP0167AU
<a href="#">AMP Flexible Super - Retirement account</a>	AMP1323AU
<a href="#">AMP Flexible Super - Super account</a>	AMP1453AU
<a href="#">CUSTOM SUPER</a>	AMP0167AU
<a href="#">Flexible Income Plan - Investment Linked Allocated Pension</a>	AMP0492AU
<a href="#">Flexible Lifetime - Allocated Pension</a>	AMP0596AU
<a href="#">Flexible Lifetime - Term Pension</a>	AMP0896AU
<a href="#">Investment Linked Deferred Annuity</a>	AMP0742AU
<a href="#">Investment Linked Regular Premium</a>	AMP0416AU
<a href="#">Investment Linked Single Premium</a>	AMP0084AU
<a href="#">METCASH SUPERANNUATION PLAN</a>	AMP0167AU
<a href="#">MultiFund Flexible Income Plan</a>	AMP0471AU
<a href="#">Signature Super</a>	AMP0772AU
<a href="#">Signature Super Allocated Pension</a>	AMP1132AU

### Investment Option Overview

<b>Investment category</b>	Diversified - Conservative
<b>Suggested investment timeframe</b>	3 years
<b>Relative risk rating</b>	Low
<b>Investment style</b>	Active

Asset Allocation	Benchmark	Range (%)
Australian Shares	12	0-22
Global Shares	10	0-20
Growth Alternatives	1	0-5
Australian Property	6	0-19
Global Infrastructure	1.5	0-10
Global Property	1.5	0-10
Defensive Alternatives	2	0-5
Australian Bonds	26	10-46
Global Bonds	14	5-30
Cash	26	10-50

Top Ten Australian Shares	%
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

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 Fixed Interest	29.56
International Fixed Interest	14.87
Cash	13.81
International Equities - Unhedged	12.49
Australian Equities	11.10
Unlisted Real Assets	6.79
Alternative Assets Defensive	4.02
International Equities - Hedged	3.60
Listed Real Assets	2.89
Alternative Assets Growth	0.87

## Portfolio Summary

- > The AMP Conservative 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 equities.

## Investment Option Commentary

The AMP Conservative 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 sizeable allocation to defensive assets, particularly fixed interest, had a slight positive impact on overall performance. With central banks beginning to tighten monetary policy and investors shifting more to growth assets, yield-driven assets underperformed equities. The Fund's allocation to international equities provided a significant contributor to the Fund's overall return over the quarter. Most major global markets saw strong gains over the period, with investors focussing on favourable corporate earnings results and strong economic data releases. 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).

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 further evidence of inflationary pressure or monetary tightening.

## Contact Us

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