AMP Capital Multi Asset

Quarterly Investment Option Update

30 June 2018

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	55.84
Defensive assets	44.16

Investment Option Commentary

The quarter saw some divergent performance between different regions. Developed-market equities performed well, bouncing back from the weak previous quarter. Australia also rallied strongly, whilst emerging markets continued to sell off, being battered by deteriorating trade rhetoric and a stronger US Dollar. The Fund's performance has been slightly weaker than expected, owing to underperformance from several of the active strategies.

Portfolio Activity

The Fund's currency holdings have performed well through recent volatility and profits were taken on some of these positions during the second quarter. In addition, exposure within bonds has been reduced overall to now stand at a neutral duration; meaning there is not likely to be any performance impact from rising global interest rates. The Fund also increased exposure to parts of the energy sector as oil prices fell amid increased rhetoric from the US Administration. Energy stocks typically outperform in the later stages of expansion phases, as demand outstrips supply.

Outlook

Our asset allocation process leads us to be marginally favourable toward global developed market equities. This is based on still-supportive economic growth, positive earnings, and liquidity. Emerging-market exposure remains quite low. Bonds and credit related markets are in general unfavourably viewed; low starting-point yields lead our return expectations to be poor.

Overall, our expectations translate into a more defensive portfolio than average. We will continue to seek out absolute return and alternative strategies that can help the portfolio navigate the years ahead. The good news is that higher volatility creates opportunity and the portfolio is well positioned to be able to take advantage of any future market distress, including current higher holdings in cash and portfolio hedges.

Contact Us

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What you need to know