

# AMP Moderate Growth

## Quarterly Investment Option Update

30 June 2018

### Aim and Strategy

To provide returns greater than those from cash or fixed interest over the medium to long term through a diversified portfolio of cash, fixed interest, 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>	AMP0170AU
<a href="#">AMP Flexible Super - Retirement account</a>	AMP1327AU
<a href="#">AMP Flexible Super - Super account</a>	AMP1457AU
<a href="#">AMP Growth Bond</a>	AMP1189AU
<a href="#">CUSTOM SUPER</a>	AMP0170AU
<a href="#">Flexible Lifetime - Allocated Pension</a>	AMP0612AU
<a href="#">Flexible Lifetime - Term Pension</a>	AMP0904AU
<a href="#">Investment Linked Deferred Annuity</a>	AMP0743AU
<a href="#">Investment Linked Regular Premium</a>	AMP0214AU
<a href="#">Investment Linked Single Premium</a>	AMP0131AU
<a href="#">METCASH SUPERANNUATION PLAN</a>	AMP0170AU
<a href="#">MultiFund Flexible Income Plan</a>	AMP0472AU
<a href="#">Signature Super</a>	AMP0778AU
<a href="#">Signature Super Allocated Pension</a>	AMP1135AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	22	12-32
Global Shares	19	6-29
Growth Alternatives	1.5	0-5
Australian Property	3.5	0-20
Global Property	3	0-20
Global Infrastructure	3	0-10
Defensive Alternatives	2	0-5
Australian Bonds	25	10-45
Global Bonds	11	0-25
Cash	10	0-30

Top Ten Australian Shares Exposure	%
COMMONWEALTH BANK AUST	7.34
BHP Billiton Ltd	6.94
Westpac Banking Corp	5.60
CSL Ltd	5.59
Australia & New Zealand Banking Group Ltd	5.01
National Australia Bank Ltd	4.67
WESFARMERS LTD	3.37
Macquarie Group Ltd	3.05
WOOLWORTHS GROUP LTD	2.58
Rio Tinto Ltd	2.51

### Investment Option Overview

<b>Investment category</b>	Diversified - Moderately Conservative
<b>Suggested investment timeframe</b>	3 - 5 years
<b>Relative risk rating</b>	Medium
<b>Investment style</b>	Active

Top Ten International Shares Exposure	%
Alphabet Inc	2.39
Visa Inc	1.90
Microsoft Corp	1.72
Mastercard Inc	1.65
AbbVie Inc	1.65
Facebook Inc	1.60
WELLS FARGO & COMPANY	1.37
XPO Logistics Inc	1.30
Kraft Heinz Co/The	1.08
APPLE INC	1.02

Actual Allocation	%
Australian Equities	22.44
Australian Fixed Interest	20.91
International Equities - Unhedged	16.37
Cash	9.49
International Fixed Interest	9.46
International Equities - Hedged	9.10
Unlisted Real Assets	6.10
Alternative Assets Defensive	3.12
Listed Real Assets	2.23
Alternative Assets Growth	0.78

## Portfolio Summary

- > The Option was positive over the June quarter as equity markets rebounded.
- > The Option performed in line with the benchmark over the period.

## Investment Option Commentary

The Moderate Growth Option performed well over the last financial year. This was a period marked by two distinct halves; a stable, upward trend across most asset classes in the first six months followed by increased volatility in the second half, particularly through early 2018.

Following the geopolitical tensions experienced in the preceding three months, the June quarter provided a welcomed level of optimism across markets and the Option. A supportive global economic backdrop, strong corporate earnings and continued low interest rate environment proved beneficial for growth assets, particularly international equities. For Australian-based investors, the depreciation of the Australian dollar also provided a significant boost to the performance of unhedged offshore equities, which rose by over 5% over the quarter compared to a hedged return of 3.7%. Defensive allocations of fixed interest and cash had a muted return given the 'risk-on' appetite of investors over the period. The Option's other investments in property, infrastructure and alternatives (hedge funds) experienced mixed results over the quarter with property and infrastructure generating gains, while alternatives retreated.

Looking forward, we anticipate increased sensitivity to any emerging signs of inflation and how central banks will proceed to fine-tune their monetary policy at this point in the cycle. In addition, there are several geopolitical concerns that are unlikely to be resolved in the near term, specifically the threat of a China/US trade war which will add to uncertainty. While we continue to believe equity markets will perform moderately well we remain cognisant of downside volatility in the months ahead and the importance of minimising it. We continue to hold equity allocations at neutral level and prefer cash to bonds, as we believe that bonds are at risk of investors potentially underestimating inflationary pressure and future interest rate increases in the US. To further counter short-term volatility, we continue to hold option protection to limit downside risk and protect member capital.

## Contact Us

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