

# ipac Income Generator

Quarterly Investment Option Update

30 June 2018

## Aim and Strategy

To provide regular income with some capital growth over the medium to long term with moderate fluctuations in value likely. The portfolio uses a range of specialist investment managers to invest in a diversified mix of income-producing assets including traditional income-generating investments like fixed interest and growth assets like equities (particularly Australian shares that generally pay higher dividends and can provide franking credits).

## Investment Option Performance

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

## Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1708AU
AMP Flexible Super - Retirement account	AMP1763AU
AMP Flexible Super - Super account	AMP1755AU
CUSTOM SUPER	AMP1708AU
Flexible Lifetime - Allocated Pension	AMP1716AU
SignatureSuper	AMP1735AU
SignatureSuper Allocated Pension	AMP1742AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	5	0-15
Global Shares	34	15-45
Property & Infrastructure - Australian Infrastructure	3	0-5
Global Infrastructure	3	0-5
Australian Property	1.5	0-7.5
Global Property	1.5	0-7.5
Australian Bonds	20.5	15-35
Global Bonds	20.5	15-35
Global Bonds	8	0-20
High Yield Bonds	2	0-5
Cash	1	0-20

## Investment Option Overview

<b>Investment category</b>	Multi - Sector
<b>Suggested investment timeframe</b>	3 or more years
<b>Relative risk rating</b>	Medium - High
<b>Investment style</b>	Multi - Asset

Actual Allocation	%
Australian fixed income	43.02
Australian shares	38.04
Global shares	7.15
Direct Infrastructure	5.07
Listed Infrastructure	3.56
Australian listed property	3.10
Cash	0.06
Hybrids	0.00
Inflation linked bonds	0.00

Top Ten Securities Exposure	%
TOTAL SA	2.08
COMMONWEALTH BANK AUST	6.77
Westpac Banking Corp	6.32
Vodafone Group PLC	1.95
GlaxoSmithKline PLC	1.86
WESFARMERS LTD	4.36
WOOLWORTHS GROUP LTD	3.86
Munich Re	1.78
VERIZON COMMUNICATIONS	1.76
INSURANCE AUSTRALIA GRP	3.45

## Performance

Income Generator produced another positive return in the second quarter, taking the one-year return to close to 6%, gross of franking credits. The Fund benefitted from strong contributions from Australian equities and global listed infrastructure over the quarter. While our underlying managers Epoch and Martin Currie didn't do quite as well as the broader market, this largely arose from the short-term outperformance of low yielding technology and resource companies, stocks that are typically not held within Income Generator's portfolio.

## Portfolio activity

A new manager and strategy was approved in Australia Equities, and implementation is intended to begin in July or August. This new strategy is expected to broaden the range of stocks the Fund is focused on and further increase the resilience of the income stream already provided. Potential portfolio additions in international equities, listed real assets and inflation linked corporate debt also remain under review.

## Positioning and outlook

The US Federal reserve raised rates again in June, taking rates to 1.75–2.00%. This contrasts to Australia, where interest rates were kept at record lows by the Reserve Bank, citing low wages and low inflation.

While inflation remains sluggish in Australia, growth and earnings remain strong for the moment and any signs of growth slowing materially are likely to provide a renewed tailwind to quality income driven strategies. The combination of strong earnings and recent headwinds for income-heavy securities has resulted in dividend yields globally at their best levels since early 2016, whilst dividend per share growth remains strong too.

## Contact Us

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