

AMP Capital Multi Asset

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide a total return (income and capital growth) before costs and tax of 5.5% pa above the trimmed mean Consumer Price Index (CPI) on a rolling five-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 strategies, 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 risk management processes on the use of derivatives. Underlying managers or strategies in which the portfolio invests may use short selling.

Investment Option Performance

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

Investment Option Overview

Investment category	Multi-Sector
Suggested investment timeframe	5 years
Relative risk rating	Medium - High
Investment style	Active

Asset Allocation	Ranges (%)
Australian shares	0-40
Global shares	0-60
Growth alternatives	0-20
Listed property and infrastructure	0-30
Unlisted property and infrastructure	0-10
Defensive alternatives	0-40
Global fixed interest securities	0-100
Cash	0-100

Actual Allocation	%
Growth alternatives	54.55
Defensive alternatives	45.45

Fund Performance

The Fund produced a modest positive return in September. Global equity markets were marginally positive over the month, with Japan and the energy sector the stand out contributors. Most other regions and asset classes lost ground over the month, triggered by the aggressive spike in US bond yields as markets discounted various assets on the potential of higher US rates than anticipated. Further surprises to inflation data from the US should see continued disruption and volatility as investors adjust.

Portfolio Positioning

There were no major portfolio changes in September. Some exposure was added to positions in Japanese banks and European dividends. In addition, some new defensive positions were introduced via a small exposure to longer term German bonds and additions to holdings in Japanese Yen.

Outlook

The global economy continues to move further into late-cycle. Full employment, rising costs and higher interest rates are increasingly expected in the US. In addition, we should also expect higher volatility, as margins and valuations have likely peaked and investors pivot between solid earnings today versus fears of the next recession. Exacerbating this is a buoyant US economy growing faster than the rest of the developed world, an ongoing exit from liquidity support programs and an aggressive and we believe negative US trade policy. The portfolio continues to hold lower risk than usual levels, favouring equities in selected areas, alternatives, and cash at the expense of bonds, credit, and real assets. There is an explicit focus on assets that stand to benefit late in the economic cycle, such as energy and inflation-related securities. We're also shifting towards more defensive sectors where value is identified.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1709AU
AMP Flexible Super - Retirement account	AMP1768AU
AMP Flexible Super - Super account	AMP1756AU
CustomSuper	AMP1709AU
Flexible Lifetime - Allocated Pension	AMP1717AU
SignatureSuper	AMP1734AU
SignatureSuper - Allocated Pension	AMP1743AU
SignatureSuper Select	AMP1734AU

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