

AMP Conservative

Quarterly Investment Option Update

30 September 2018

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

Investment Option Overview

Investment category	Multi-Sector
Suggested investment timeframe	3 years
Relative risk rating	Low
Investment style	Active

Asset Allocation	Benchmark
Global shares	12
Australian shares	10
Listed property & infrastructure	3
Unlisted property & infrastructure	6
Growth alternatives	1
Global fixed interest	20
Australian fixed interest	23
Defensive alternatives	2
Cash	23

Actual Allocation	%
Global shares	14.94
Australian shares	11.25
Listed property & infrastructure	3.16
Unlisted property & infrastructure	7.91
Growth alternatives	1.21
Global fixed interest	16.50
Australian fixed interest	29.72
Defensive alternatives	4.21
Cash	11.10

Portfolio Summary

- > The AMP Conservative Fund delivered a positive return in the September quarter.
- > Growth assets provided the largest contribution to returns as equity markets rose.
- > We remain overweight international equities and cash, and underweight Australian equities and bonds.

Fund Performance

The AMP Conservative Fund delivered a positive return in the September quarter, building on the positive return of the previous quarter, as global equity markets continued to rise. The Fund has delivered a solid positive return for investors so far in 2018.

Growth Assets outperformed defensive assets over the quarter. International equity markets performed solidly, up 5.4% over the period. Positive economic indicators and improved investor sentiment in the US have helped drive US equities 7.7% higher, with most developed markets following US equities into positive territory. Emerging markets, however, proved less resilient to trade concerns over the quarter, ending flat. Currency movements aided returns of unhedged international equity holdings for Australian-based investors as the Australian dollar depreciated over the period.

Australian equities ended the quarter up 1.8%, as strong performances in the telecommunications and IT sectors drove the market higher. Global listed property also performed well, rising 2.7%. Australian fixed interest was relatively subdued, up 0.5% and International fixed interest was similarly constrained over the period, falling -0.1%

Looking ahead, we expect the uptrend in shares to continue as global growth remains solid and US company earnings are still strong. However, we do expect an increase in market volatility given geopolitical and trade concerns, and the late cycle interest rate environment. We aim to utilise this volatility to help identify investment opportunities. We remain comfortable maintaining a bias towards international equities at the expense of Australian equities, given current valuation levels. Our overall bond position remains underweight in favour of cash, as we expect bonds to remain vulnerable to any evidence of inflationary pressure or monetary tightening.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0167AU
AMP Flexible Super - Retirement account	AMP1323AU
AMP Flexible Super - Super account	AMP1453AU
CustomSuper	AMP0167AU
Flexible Lifetime - Allocated Pension	AMP0596AU
Flexible Lifetime - Term Pension	AMP0896AU
Flexible Lifetime - Investments (Series 1)	AMP0012AU
Flexible Lifetime - Investments (Series 2)	AMP1392AU
SignatureSuper	AMP0772AU*
SignatureSuper - Allocated Pension	AMP1132AU*

* Closed to new investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267 (Mon. to Fri. 8:30am to 6:00pm AEST)



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