

AMP Dynamic Balanced

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

The investment objective of the portfolio is to outperform the median of the Chant West Growth Fund survey over the investment horizon of the Fund (7 years). The portfolio aims to provide the investor with a cost-effective investment across the main asset classes with higher exposure to growth assets. Exposure to these will be attained predominantly through the use of index-focussed investment managers.

A portion of the portfolio (30%) also runs a dynamic asset allocation investment approach which aims to achieve growth by adopting a flexible approach to asset allocation. This portion of the portfolio will have exposure to assets such as shares, listed property, commodities, fixed income, credit and cash through derivatives, exchange traded funds or index funds.

Actual Allocation	%
Global shares	30.07
Australian shares	19.99
Listed property & infrastructure	8.33
Growth alternatives	9.20
Global fixed interest	7.73
Australian fixed interest	6.33
FX	-0.13
Cash	18.48

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	7 Years
Relative risk rating	Medium to High
Investment style	Multi-Asset

Asset Allocation	Ranges (%)
Global shares	9-41
Australian shares	12-44
Listed property and infrastructure	0-10
Growth alternatives	0-32
Global fixed interest securities	0-42
Australian fixed interest securities	0-22
Cash	0-32

What Happened Last Period

- > The Fund delivered a positive return in September quarter as international and Australian equity markets rallied.
- > The Fund's exposure to international equities was the largest contributor to the Fund's positive return.
- > The Fund underperformed the median Chant West Growth Fund over the September quarter. The main driver for this underperformance is the Fund's relative overweight exposure to alternatives.

Market Review

Trade tensions continue to linger, as the US announced the next set of tariffs against China. On the flip side, the US agreed to a revised trade deal with Mexico, Canada and South Korea, highlighting President Trump's capacity to make progress, rather than just stir tensions with inflammatory rhetoric, particularly ahead of the upcoming mid-term elections. There was also an increase in Brexit-related risk, as the European Union (EU) rejected Britain's proposal (on maintaining economic relations with Europe post-Brexit) and the Federal Reserve raised rates as expected and removed the word "accommodative" from their regular statement, in recognition of the economy's solid footing. Despite ongoing volatility and geopolitical worries, global growth and economic data remains broadly solid, global equities remain in a broad uptrend and we believe pullbacks continue to represent buying opportunities. As inflationary pressures continue to grow and bond yields gradually rise, we expect this to benefit sectors such as financials that are correlated to higher yields. The importance of flexibility and a broad-scope in the Fund are valuable here, as it allows us to position for what we believe will outperform over the medium term. The strongest positive contributors to return were from the Fund's allocation to international equities. Robust growth in the major global economies underpinned returns in September quarter. Despite the growing headwinds from less stimulatory global central bank policy our outlook for growth remains positive and in this environment, we expect financial markets to continue to deliver positive returns for investors albeit with higher volatility.

Availability

Product name	APIR
AMP Flexible Super - Retirement account	AMP2057AU
AMP Flexible Super - Super account	AMP2058AU

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