

AMP Lifecycle Active Capital Stable

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

Aims to achieve a rate of return of 1.5% above the Consumer Price Index, after fees and superannuation tax, over the suggested investment timeframe.

This investment option is an aged-based investment, meaning that its strategy has been designed to meet the investment needs of the average investor born before 1950. As capital stability is the priority of this investment option, it will hold mostly defensive assets such as fixed interest and cash.

International investments may be partially or fully hedged back to Australian dollars. Subject to certain conditions, the underlying investments may use derivatives (such as options, futures, forwards and swaps) and engage in 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	No Minimum
Relative risk rating	Medium
Investment style	Active

Asset Allocation	Benchmark (%)
Global shares	16
Australian shares	15
Listed property & infrastructure	8
Unlisted property & infrastructure	0
Growth alternatives	6
Global fixed interest	18
Australian fixed interest	18
Defensive alternatives	6
Cash	13

Actual Allocation	(%)
Global shares	21.76
Australian shares	21.00
Listed property & infrastructure	3.02
Global fixed interest	10.11
Australian fixed interest	15.55
Cash	15.97
Others	12.59

Fund Performance

The AMP Lifecycle Capital Stable 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.

Growth assets proved to be the key driver of Fund returns over the quarter. International equities provided the largest contribution as developed market equities ended the quarter up 5.4% in local currency terms. The US market was a key driver of financial markets as positive economic indicators helped drive US equities 7.7% higher over the period. Other developed markets followed suit into positive territory, but were moderated by continuing concerns over global trade and below consensus economic data releases out of Europe and China. Emerging markets proved less resilient and were flat on the quarter.

Australian equities ended the quarter up 1.8%. Strong performances in the telecommunications and IT sectors pushed the market higher as concerns surrounding the fallout from Royal Commission into Banking and Superannuation, and a residential property slowdown constrained returns from financials.

The allocation to Australian fixed interest contributed marginally to total return. The portfolio's smaller allocation to international bonds was flat, as the rise in global bond yields was kept in check by bursts of market volatility. The Fund's other investments in property, infrastructure and alternatives (private equity and hedge funds) experienced generally positive results over the quarter.

Looking ahead, we continue to see an uptrend in equities as global growth remains solid and monetary policy remains accommodative. However, we do expect an increase in market volatility in the future given geopolitical and trade concerns and the late cycle environment. We aim to utilise this volatility to help identify investment opportunities. We remain comfortable in 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 Super - Super account	AMP2064AU

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