

Conservative Index

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide a total return (primarily income with some capital growth) after costs and before tax, above the relevant benchmarks of the underlying investments on a rolling three year basis. The investment manager, AMP Capital, invests in a diversified range of asset classes, with a bias towards income.

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 – Medium
Investment style	Index

Asset Allocation	Ranges (%)
Global shares	0-20
Australian shares	5-25
Listed property and infrastructure	0-10
Growth alternatives	0-15
Global fixed interest securities	10-30
Australian fixed interest securities	10-35
Cash	15-40

Actual Allocation	(%)
Global shares	14.91
Australian shares	10.45
Listed property & infrastructure	6.66
Global fixed interest	10.73
Australian fixed interest	28.62
Cash	28.63

What Happened Last Period

- > 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	AMP1028AU
CustomSuper	AMP1028AU
Flexible Lifetime - Allocated Pension	AMP1017AU
Flexible Lifetime - Term Pension	AMP1038AU
Flexible Lifetime - Investments (Series 1)	AMP1051AU
Flexible Lifetime - Investments (Series 2)	AMP1393AU
SignatureSuper	AMP0793AU
SignatureSuper - Allocated Pension	AMP1146AU
SignatureSuper Select	AMP0793AU

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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