

Future Directions Balanced

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide moderate to high returns over the long term through a diversified portfolio. The portfolio aims to achieve a rate of return above inflation after costs over a 5-year period. The Future Directions Balanced is a multi-manager fund that gives investors access to a diversified portfolio with a bias towards growth (shares and property) and alternative assets, while having a limited exposure to income assets (bonds and cash). The multi manager option diversifies at asset and manager level investing in both AMP Capital and external managers. The key benefits are:

- active management: within the assets class for example choosing stocks and allocating between asset classes
- a broad range of asset classes including investments into unlisted property and infrastructure and
- an experienced investment team

Actual Allocation	(%)
Global shares	36.66
Australian shares	23.36
Listed property & infrastructure	1.83
Unlisted property & infrastructure	4.23
Global fixed interest	2.71
Australian fixed interest	10.27
Cash	2.87
Others	18.08

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	Multi-Manager

Asset Allocation	Benchmark (%)
Global shares	31
Australian shares	23
Listed property & infrastructure	4
Unlisted property & infrastructure	7
Growth alternatives	10
Global fixed Interest	9
Australian fixed interest	11
Defensive alternatives	2
Cash	3

What Happened Last Period

- > Returns continued their positive run, with the Fund on track for a strong 2018.
- > Growth assets were a key driver of performance over the quarter.
- > We aim to utilise any volatility to help identify investment opportunities to enhance returns.

Fund Performance

The Future Directions Balanced Fund delivered a strong 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 now delivered a solid positive return for investors so far this year and is on track for a strong 2018.

Growth assets proved to be the key driver of performance over the quarter. International equities provided the largest contribution, as developed market equities ended the quarter up 5.4% in local currency terms. Positive economic data helped drive US equities 7.7% higher over the period. Returns across other developed markets were positive, but moderated by continuing concerns over global trade and below consensus economic data releases out of Europe and China.

Australian equities ended the quarter up 1.8%, driven by strong performance in the telecommunications and IT sectors. This helped offset weaker share price performance in the financial sector and concerns surrounding the residential property market.

The allocation towards Australian fixed interest contributed only marginally to total return, while international bond markets on a whole ended the quarter largely unchanged. Tactical short positioning in US bonds did, however, provide an uplift to the otherwise modest overall contribution from the sector. Other investments in property, infrastructure and alternatives (private equity and hedge funds) experienced generally positive results over the quarter.

Outlook

Looking ahead, we continue to see an uptrend in shares as global growth remains solid and US company earnings are still strong. However, we do expect an increase in market volatility in the future given geopolitical and trade concerns, in conjunction with the late cycle interest rate environment. We aim to utilise this volatility to help identify investment opportunities to enhance returns. 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. To further counter short-term volatility, we continue to hold option protection to limit downside risk and protect member capital.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0506AU*
AMP Flexible Super - Retirement account	AMP1348AU*
AMP Flexible Super - Super account	AMP1477AU*
AMP Growth Bond	AMP1191AU
CustomSuper	AMP0506AU
Flexible Lifetime - Allocated Pension	AMP0601AU*
Flexible Lifetime - Term Pension	AMP0922AU*
Flexible Lifetime - Investments (Series 1)	AMP0690AU*
Flexible Lifetime - Investments (Series 2)	AMP1412AU*
SignatureSuper	AMP0798AU
SignatureSuper - Allocated Pension	AMP1080AU
SignatureSuper Select	AMP0798AU

*Closed to new investors

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