

# Future Directions Conservative

Quarterly Investment Option Update

30 September 2018

## Aim and Strategy

To provide a rate of return of 1.5% above inflation (Consumer Price Index) after costs and before tax over a 3 year period. Future Directions Conservative option is a multi-manager option that gives investors access to a diversified portfolio with a bias towards income assets (bonds and cash) while having a limited exposure to growth (shares and property) and alternative assets. 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	14.57
Australian shares	15.59
Listed property & infrastructure	1.80
Unlisted property & infrastructure	2.12
Global fixed interest	11.16
Australian fixed interest	22.12
Others	16.65
Cash	15.98

## Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://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	12
Australian shares	9
Listed property & infrastructure	5
Unlisted property & infrastructure	4
Growth alternatives	5
Global fixed interest	20
Australian fixed interest	22
Defensive alternatives	5
Cash	18

## Portfolio Summary

- > 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 remain cognisant of downside volatility in the months ahead and the importance of minimising risk.

## Fund Performance

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

Growth assets were a key driver of performance over the quarter. The sizeable 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.

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 Fund's 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. While we continue to believe equity markets will perform moderately well, we remain cognisant of downside volatility in the months ahead and the importance of minimising risk. We continue to hold equity allocations at neutral levels and prefer cash to bonds, as we believe bonds are at risk of investors potentially underestimating inflationary pressure and of future interest rate increases in the US. 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	AMP0656AU*
AMP Flexible Super - Retirement account	AMP1349AU*
AMP Flexible Super - Super account	AMP1478AU*
CustomSuper	AMP0656AU
Flexible Lifetime - Allocated Pension	AMP0602AU*
Flexible Lifetime - Term Pension	AMP0923AU*
Flexible Lifetime - Investments (Series 1)	AMP0688AU*
Flexible Lifetime - Investments (Series 2)	AMP1413AU*
SignatureSuper	AMP0799AU
SignatureSuper - Allocated Pension	AMP1081AU
SignatureSuper Select	AMP0799AU

\*Closed to new investors

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