

Future Directions Growth

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide 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 five to seven-year period. The Future Directions Growth Fund 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 small 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
- an experienced investment team

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	6 years
Relative risk rating	High

Asset Allocation	Benchmark (%)
Global shares	39
Australian shares	32
Listed property & infrastructure	5
Unlisted property & infrastructure	5
Growth alternatives	10
International fixed interest	3
Australian fixed interest	4
Defensive alternatives	0
Cash	2

Actual Allocation	%
Global shares	43.13
Australian shares	32.59
Listed property & infrastructure	3.12
Unlisted property & infrastructure	1.99
Australian fixed interest	1.52
Cash	1.89
Others	15.76

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 aim to utilise any volatility to help identify investment opportunities to enhance returns.

Fund Performance

The Future Directions Growth 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. Emerging markets proved less resilient and were flat over the quarter. Currency movements also provided an uplift for Australian-based international equity investors as the Australian dollar depreciated.

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.

Property and infrastructure investments also continued to exhibit positive returns for 2018, helping to offset relatively modest returns from bonds. Alternative strategies (hedge funds and private equity) also contributed to returns over the quarter, however underperformed listed equity markets. Nonetheless, these strategies continue to act as important diversifiers from equity risk, particularly late in the market cycle.

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, and 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.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0510AU*
AMP Flexible Super - Retirement account	AMP1353AU*
AMP Flexible Super - Super account	AMP1482AU*
CustomSuper	AMP0510AU
Flexible Lifetime - Allocated Pension	AMP0603AU*
Flexible Lifetime - Term Pension	AMP0925AU*
Flexible Lifetime - Investments (Series 1)	AMP0691AU*
Flexible Lifetime - Investments (Series 2)	AMP1417AU*
SignatureSuper	AMP0800AU
SignatureSuper - Allocated Pension	AMP1155AU
SignatureSuper Select	AMP0800AU

*Closed to new investors

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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