

# Future Directions Moderately Conservative

Quarterly Investment Option Update

30 September 2018

## Aim and Strategy

To provide moderate returns over the medium term through a diversified portfolio. The portfolio aims to achieve a rate of return above inflation after costs over a three to five-year period. The Future Directions Moderately Conservative Fund is a multi-manager fund that gives investors access to a diversified portfolio with a balanced mix of income assets (cash and bonds) and 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
- an experienced investment team

## Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Multi-sector
<b>Suggested investment timeframe</b>	4 years
<b>Relative risk rating</b>	Medium
<b>Investment style</b>	Multi-Manager

<b>Actual Allocation</b>	<b>(%)</b>
Global shares	24.71
Australian shares	14.49
Listed property & infrastructure	1.83
Unlisted property & infrastructure	3.19
Growth alternatives	13.37
Global fixed interest	7.29
Australian fixed interest	16.11
Defensive alternatives	4.48
Cash	12.90

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Global shares	20
Australian shares	17
Listed property & infrastructure	5
Unlisted property & infrastructure	5
Growth alternatives	7
Global fixed interest	14
Australian fixed interest	17
Defensive alternatives	5
Cash	10

## 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 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 robust 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, provided an uplift to an 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	AMP0660AU*
AMP Flexible Super - Retirement account	AMP1358AU*
AMP Flexible Super - Super account	AMP1487AU*
CustomSuper	AMP0660AU
Flexible Lifetime - Allocated Pension	AMP0607AU*
Flexible Lifetime - Term Pension	AMP0930AU*
Flexible Lifetime - Investments (Series 1)	AMP0689AU*
Flexible Lifetime - Investments (Series 2)	AMP1422AU*
SignatureSuper	AMP0804AU
SignatureSuper - Allocated Pension	AMP1160AU
SignatureSuper Select	AMP0804AU

\*Closed to new investors

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