

ipac Income Generator

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide regular income with some capital growth over rolling 5 year periods, whilst also maintaining moderate levels of capital stability. The portfolio uses a range of specialist investment managers to invest in a diversified mix of income-producing assets, including traditional income-generating investments like fixed interest and growth assets like equities (particularly Australian shares that generally pay higher dividends and can provide franking credits).

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
Investment style	Multi Manager

Asset Allocation	Ranges (%)
Global shares	0-15
Australian shares	15-45
Listed property & infrastructure	0-15
Unlisted property & infrastructure	0-10
Global fixed interest	30-70
Australian fixed interest	
Cash	0-20

Actual Allocation	(%)
Global shares	6.97
Australian shares	37.69
Listed property & infrastructure	6.22
Unlisted property & infrastructure	5.13
Australian fixed income	43.81
Cash	0.17

Top Holdings (Shares)	(%)
Westpac Banking Corp	2.56
National Australia Bank Ltd	2.37
Woolworths Group Ltd	1.48
Woodside Petroleum Ltd	1.47
Wesfarmers Ltd	1.43
Commonwealth Bank of Australia	1.40
Insurance Australia Group Ltd	1.30
Australia & New Zealand Banking Group	1.28
Telstra Corp Ltd	1.24
Macquarie Group Ltd	0.95

Fund Performance

The Fund made a modest positive return in the September quarter, amid further heightened volatility in markets. Whilst Australian equity markets fell in response to sharply rising US bond yields, other areas of the portfolio held up well, including listed infrastructure and international shares, helped by a falling Australian dollar.

Portfolio Positioning

The portfolio is adding a third Australian shares strategy in October to provide further diversification to our existing managers, Martin Currie and Plato. Additionally, we are progressing towards a new international shares mandate with Epoch that operates under AMP Capital's ESG (environmental, social and governance) Investment framework.

Outlook

After a period where cyclical stocks have dramatically outperformed more defensive sectors, the tide appears to be turning and a refocus on earnings quality and yield are likely to see the Fund's total return improve relative to broader benchmarks. More importantly, income generation remains strong for the year, supported by solid fundamentals in both corporate debt and equities. Headwinds in the form of rising interest rates are present (particularly internationally) however this provides encouragement that there will be opportunity to generate more attractive yields in the future. Already US 10-year bond rates are at their highest level in seven years, and global equity yields in the higher dividend sectors are the highest in three years.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1708AU
AMP Flexible Super - Retirement account	AMP1763AU
AMP Flexible Super - Super account	AMP1755AU
CustomSuper	AMP1708AU
Flexible Lifetime - Allocated Pension	AMP1716AU
SignatureSuper	AMP1735AU
SignatureSuper - Allocated Pension	AMP1742AU

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