

Professional Growth

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide moderate to high investment returns over the long term, with the likelihood of significant fluctuations in the value of the investment from year to year. The portfolio will primarily invest in a diversified mix of defensive and growth assets managed by professional asset managers.

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
Investment style	Multi-Manager

Asset Allocation	Benchmark (%)
Global shares	40
Australian shares	35
Listed property & infrastructure	7
Unlisted property & infrastructure	
Growth alternatives	3
Global fixed interest	7
Australian fixed interest	
Defensive alternatives	3
Cash	5

Actual allocation	%
Global shares	40.95
Australian shares	31.84
Listed property & infrastructure	7.18
Unlisted property & infrastructure	
Growth alternatives	4.46
Global fixed interest	2.55
Australian fixed interest	
Defensive alternatives	4.77
Cash	8.25

Market Review

Global shares, particularly those in developed markets, were up strongly in the September quarter, the MSCI World ex Australia Net Index finishing the period higher by 5.39% for the period. In the US, decidedly positive sentiment lingered from good corporate earnings growth, combined with continued strong economic growth and low unemployment. The S&P 500 total return index ended the period up a scorching 7.71%, touching record highs in the process. Trade-related developments, while providing a source of volatility (both on the positive and negative side) were again a feature. While there was much negative media surrounding the war of words leading up to the threshing out of new deals, most developed markets seemed not overly concerned. There was also a marked change in top-performing sectors; technology stocks came under some pressure, while some of the more traditionally defensive segments of the market, such as REITs did well, which was perhaps a little surprising given rising bond yields. Some emerging markets struggled during the quarter, as the strong US dollar fanned currency outflows from markets such as Turkey, where inflation was recently estimated to be running at over 100% on an annual basis. Commodity prices however provided some support to many emerging markets and the MSCI Emerging Markets total return index finished down by just 0.04%. (All figures quoted in local currency terms.)

Australian shares closed the September quarter up 1.53%, as measured by the S&P/ASX200 Accumulation Index. In July the market climbed higher on positive expectations on earnings growth for the reporting season and was driven by a particularly strong communications sector. Stocks continued to rise in August through the reporting season, where businesses showed reasonable levels of earnings growth, roughly in line with overall expectations. Key themes were continuing strong dividend payments, some pressure from higher raw material costs, outperformance by high quality offshore exposed companies and softer than expected guidance. On the negative side, some small but marked rises in consumer arrears, within areas such as mortgages and utility bills, indicating a degree of stress in some household finances. In September, the market gave back some of the gains, as sentiment towards the banking sector continued to sour, culminating with the release of the Royal Commission's scathing preliminary report late in the month. Further residential property declines amid worsening credit conditions combined with banks raising their interest rates during the month sparked further pullbacks in bank shares.

Global bond yields generally drifted higher for the majority of the quarter, with trade tensions continuing to influence financial markets.

While the recent environment has been quite testing for active managers, we remain confident in our underlying holdings and expect that a diversified portfolio, made up of quality assets and managers, will continue to produce solid returns over the medium to long term.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1956AU
AMP Flexible Super - Retirement account	AMP1963AU
AMP Flexible Super - Super account	AMP1970AU
Flexible Lifetime - Allocated Pension	AMP1949AU
Flexible Lifetime - Investments (Series 2)	AMP1981AU
SignatureSuper	AMP1731AU
Flexible Lifetime - Term Pension	AMP1949AU

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