

Responsible Investment Leaders Balanced

Quarterly Investment Option Update

30 September 2018

Aim and Strategy

To provide a total return (income and capital growth) after costs and before tax, above the return from the relevant benchmarks of the underlying investments on a rolling five-year basis and to provide a rate of return of 3.5% above inflation (Consumer Price Index (CPI)), after costs and before tax, over a 5 year period.

The portfolio invests in all asset classes, but with an emphasis on growth assets (shares and property). With the exception of cash, the portfolio is managed using a responsible investment approach (see additional information about Responsible Investment Leaders for more information).

Actual allocation	%
Global shares	33.45
Australian shares	24.40
Listed property & infrastructure	7.57
Unlisted property & infrastructure	3.45
Growth alternatives	1.49
Fixed interest	16.06
Cash	13.57

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 - High
Investment style	Responsible investing / Multi-Manager

Asset Allocation	Benchmark (%)
Global shares	33
Australian shares	25
Listed property & infrastructure	4
Unlisted property & infrastructure	9
Growth alternatives	2
Global fixed interest	12
Australian fixed interest	13
Cash	2

Outlook

Whilst trading conditions are likely to continue to exhibit volatility, our outlook for equity markets remains positive, supported by healthy global growth and accommodative monetary policy. As such, we remain overweight to international equities. However, rising threats around trade and emerging market contagion at a time of ongoing US rate hikes, the Mueller inquiry in the US, the US mid-term elections and Italian budget negotiations point to a period of increased volatility and potential weakness ahead. As such, we continue to apply protection where appropriate. We have maintained some protection through options on US equities in case of market weakness.

The outlook for Australian equities is less optimistic on a relative basis. Soft consumer spending and a slowing housing cycle will likely keep growth below Reserve Bank of Australia (RBA) and Federal Government forecasts. Nevertheless, declining drag from lower mining investment, strong public infrastructure spending and improving conditions for trade should all help keep Australia out of recession for the time being.

For some time, our view has been that bond yields are not sustainable at current low levels. Domestically, record low wages growth, low underlying inflation, the developing slowdown in housing construction, risks around the consumer and the rise in the Australian dollar limit the risk of a rate hike in the near future. We believe the best estimate of future returns are current yields and with Australian and US 10-year bond yields at around 2.7% and 3.2% respectively, this does not offer appealing value. We remain underweight to the asset class, with a higher than normal cash weighting.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1033AU
AMP Flexible Super - Retirement account	AMP1371AU
AMP Flexible Super - Super account	AMP1500AU
CustomSuper	AMP1033AU
Flexible Lifetime - Allocated Pension	AMP1022AU
Flexible Lifetime - Term Pension	AMP1043AU
Flexible Lifetime - Investments (Series 1)	AMP1056AU
Flexible Lifetime - Investments (Series 2)	AMP1434AU
SignatureSuper	AMP0977AU
SignatureSuper - Allocated Pension	AMP1173AU
SuperLeader	AMP1884AU

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