

# AMP Conservative

## Quarterly Investment Option Update

31 December 2018

### Aim and Strategy

To provide returns greater than those from cash over the short to medium term through a diversified portfolio, with a core of cash and fixed interest and some exposure to shares and property.

### 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>	3 years
<b>Relative risk rating</b>	Low
<b>Investment style</b>	Active

<b>Asset Allocation</b>	<b>Benchmark</b>
Global shares	12
Australian shares	10
Listed property & infrastructure	3
Unlisted property & infrastructure	6
Growth alternatives	1
Global fixed interest	20
Australian fixed interest	23
Defensive alternatives	2
Cash	23

<b>Actual Allocation</b>	<b>%</b>
Global shares	14.35
Australian shares	10.97
Listed property & infrastructure	2.41
Unlisted property & infrastructure	5.22
Growth alternatives	1.43
Global fixed interest	15.41
Australian fixed interest	25.71
Defensive alternatives	3.50
Cash	21.00

## Portfolio Summary

- The Fund posted a negative return over the December quarter.
- Defensive assets outperformed growth assets, as share markets weakened.
- The Fund remains overweight international shares and cash, and underweight bonds and Australian shares.

## Investment Option Commentary

The Fund posted a negative return over the December quarter, but made a positive return over the year. Shares were the main detractor from performance, with markets subject to significant selling pressure towards the end of 2018. This was due to uncertainty regarding the pace of future interest rate increases in the US, weakening economic data across developed markets, growing concern over the threat of a protracted US-China trade war, and a disorderly Brexit process in the UK.

Developed share markets returned -13.3% over the quarter in local currency terms and Australian shares returned -8.2%. Listed property and infrastructure markets also followed broader share markets down. However, concerns over the state of the global economy and suggestions that the US Federal Reserve might be less aggressive with rate hikes than previously anticipated, helped push bond yields down. Lower bond yields supported the Fund's allocations to fixed income. Both bonds and cash were diversifying, rising to partially offset the falls in share markets. The weak end to 2018 added an air of uncertainty for investors heading into 2019. Volatility is likely to remain high in 2019, as concerns surrounding global economic conditions and geopolitical risks continue. However, economic indicators continue to show that underlying economic growth remains healthy. Company earnings, business confidence and employment across developed economies remain positive and monetary policy, while tighter, remains at historically accommodative levels. Given this, we continue to have a favourable view of global shares over the medium term. Our overall bond position remains underweight in favour of cash, as we expect bonds to remain vulnerable to inflationary pressure or monetary tightening.

## Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0167AU
AMP Flexible Super - Retirement account	AMP1323AU
AMP Flexible Super - Super account	AMP1453AU
CustomSuper	AMP0167AU
Flexible Lifetime - Allocated Pension	AMP0596AU
Flexible Lifetime - Term Pension	AMP0896AU
SignatureSuper	AMP0772AU*
SignatureSuper - Allocated Pension	AMP1132AU*

\* Closed to new investors

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