

AMP Lifecycle Active 1990s

Quarterly Investment Option Update

31 December 2018

Aim and Strategy

Aims to achieve a rate of return of 4.5% pa above the Consumer Price Index, after fees and superannuation tax, over the suggested investment timeframe.

This investment option gives you an investment solution that takes you all the way through your superannuation savings journey. This approach, known as lifecycle investing, delivers an investment strategy that continuously evolves to align with the changing stages of an investor's life. It takes the hard work out of deciding how to invest your savings by providing the simplicity of a single investment choice.

This investment option is an age-based investment, meaning that the strategy of this investment option will change progressively over an investor's lifetime to meet the objective of the average investor born during the 1990s.

This means that younger investors will have higher-growth investment strategies because they have a long period to retirement and can afford to take more risk. However, for investors approaching retirement, investments will focus more on preserving the capital built up and reducing risk.

International investments may be partially or fully hedged back to Australian dollars. Subject to certain conditions, the underlying investments may use derivatives (such as options, futures, forwards and swaps) and engage in short selling.

Asset Allocation	Benchmark (%)
Global shares	35
Australian shares	32
Listed property & infrastructure	8
Unlisted property & infrastructure	5
Growth alternatives	15
Global fixed interest	0
Australian fixed interest	4
Defensive alternatives	0
Cash	1

Actual Allocation	(%)
Global shares	37.17
Australian shares	28.53
Listed property & infrastructure	2.18
Unlisted property & infrastructure	3.99
Australian fixed interest	3.96
Cash	8.36
Others	15.81

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	10 Years
Relative risk rating	High
Investment style	Active

Investment Option Commentary

Performance was lower over the December quarter. 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.

This quarter was a very challenging period as the majority of asset classes posted negative, or very low returns. While diversification and active management have been shown to contribute positively to performance over the long-term, losses can still be experienced over the short-term. Developed share markets returned -13.3%, Australian shares returned -8.2% and bond returns, although positive, were modest. While the option's allocations to direct infrastructure, property and private equity were diversifying and generated positive returns over the quarter, the gains were not enough to offset the falls in other asset classes.

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 monetary 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.

Availability

Product name	APIR
AMP Flexible Super - Super account	AMP2059AU

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