

# AMP Moderate Growth

## Quarterly Investment Option Update

31 December 2018

### Aim and Strategy

To provide returns greater than those from cash or fixed interest over the medium to long term through a diversified portfolio of cash, fixed interest, shares and property.

### Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested investment timeframe</b>	3 - 5 years
<b>Relative risk rating</b>	Medium
<b>Investment style</b>	Active

### Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://www.amp.com.au)

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Global shares	25
Australian shares	17
Listed property & infrastructure	3
Unlisted property & infrastructure	7.5
Growth alternatives	3.5
Global fixed Interest	16
Australian fixed interest	17
Defensive alternatives	2
Cash	9

<b>Actual Allocation</b>	<b>%</b>
Global shares	24.95
Australian shares	20.38
Listed property & infrastructure	2.29
Unlisted property & infrastructure	6.59
Growth alternatives	1.65
Global fixed Interest	11.46
Australian fixed interest	21.24
Defensive alternatives	4.13
Cash	7.31

## Portfolio Summary

- The AMP Moderate Growth option retreated over the December quarter, but concluded the year up.
- Shares were the main detractor, subject to significant selling pressure towards the end of 2018.
- Volatility is likely to remain high in 2019 as concerns surrounding global monetary conditions and geopolitical risks continue.

## Investment Option Commentary

The AMP Moderate Growth option retreated over the December quarter, but concluded the year up. 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.

Growth assets were the key drivers of performance over the quarter. Developed share markets were down 13.3% in local currency terms. Global markets followed the US market, which fell 13.5% as investors began to worry that the US is late in its economic cycle and its yield curve is flattening. Emerging markets, which struggled through much of 2018, outperformed their developed peers over the quarter. However, they were still unable to escape the broad negativity prevailing towards shares. Australian shares moved in line with global markets, declining 8.2% over the quarter. This came as traders began to factor in the possibility of a domestic interest rate reduction, rather than a hike, sometime in the nearer future. The option's holdings of bonds, direct infrastructure, property, private equity and cash were diversifying, and all rose to partially offset the falls of share markets, as bond yields fell.

The weak end to 2018 has 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 continue to 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 is neutral and remains an important diversifier amid share market volatility.

## Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP0170AU
AMP Flexible Super - Retirement account	AMP1327AU
AMP Flexible Super - Super account	AMP1457AU
AMP Growth Bond	AMP1189AU
CustomSuper	AMP0170AU
Flexible Lifetime - Allocated Pension	AMP0612AU
Flexible Lifetime - Term Pension	AMP0904AU
SignatureSuper	AMP0778AU*
SignatureSuper - Allocated Pension	AMP1135AU*

\* Closed to new investors

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