

AMP MySuper Balanced

Quarterly Investment Option Update

31 December 2018

Aim and Strategy

This investment option aims to achieve a rate of return above the Consumer Price Index of 3%, after fees and superannuation tax, over a 10 year period. AMP's MySuper investment option called AMP MySuper Balanced, gives you an investment solution that is well diversified across a broad range of investment markets and focuses on delivering sound long-term returns.

The exposure to the different sources of risk and return will typically be through index exposure to a range of traditional listed markets. This investment option's asset allocation is actively managed to take advantage of long-term under and over-valuations between asset classes. 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.

Actual Allocation	%
Global shares	39.30
Australian shares	26.21
Listed property & infrastructure	4.75
Global fixed interest	9.91
Australian fixed interest	11.14
Cash	8.68

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

Asset Allocation	Benchmark (%)
Global shares	30
Australian shares	27
Listed property & infrastructure	10
Global fixed interest	13
Australian fixed interest	10
Cash	5

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.

Developed share markets returned -13.3% over the quarter. Global markets followed the US market down as investors began to worry that the US is late in its economic cycle and slowing. Emerging markets, which struggled through much of 2018, outperformed their developed peers over the quarter. However, they were unable to escape the broad negativity prevailing towards shares. Australian shares moved in line with global markets, closing down significantly over the quarter, returning -8.2%. This came as traders began to factor in the possibility of a domestic interest rate reduction, rather than a hike, sometime in the near future. Domestic and global bonds were diversifying, and rose to partially offset the falls in share markets, as bond yields fell.

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. Our overall bond position remains underweight in favour of cash, as we expect bonds to remain vulnerable to any evidence of inflationary pressure or monetary tightening.

Availability

Product name	APIR
AMP Flexible Super - Super account	AMP1904AU

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