

# Professional Growth

Quarterly Investment Option Update

31 December 2018

## Aim and Strategy

To provide moderate to high investment returns over the long term, with the likelihood of significant fluctuations in the value of the investment from year to year. The portfolio will primarily invest in a diversified mix of defensive and growth assets managed by professional asset managers.

## 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>	6 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Multi-Manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Global shares	40
Australian shares	35
Listed property & infrastructure	7
Unlisted property & infrastructure	
Growth alternatives	3
Global fixed interest	7
Australian fixed interest	
Defensive alternatives	3
Cash	5

<b>Actual allocation</b>	<b>%</b>
Global shares	42.99
Australian shares	31.65
Listed property & infrastructure	6.66
Unlisted property & infrastructure	
Growth alternatives	5.03
Global fixed interest	3.44
Australian fixed interest	
Defensive alternatives	5.23
Cash	5.00

## Market Commentary

Global equities fell heavily in the December quarter, the MSCI World ex Australia Net Index finishing lower by 13.28%. Early in the quarter, an apparently deflating US technology-stock bubble was a prime culprit, as high valuations combined with broader concerns around future growth to trigger a selloff, which broadened to other sectors and markets beyond the US. World markets remained volatile in November, as continued uncertainty around the US-China trade war, negative sentiment regarding the US mid-term elections and the APEC summit; and general global political uncertainty lingered. December subsequently saw the most significant falls, with the US S&P 500 index plunging by 9.03%, its worst December performance in many decades. Concerns of the previous months combined with a flattening US Treasury yield curve contributed to the falls, as did the further falls in technology stocks in the US.

Australian shares' trajectory followed the US's lead, closing down significantly in the December quarter and returning -8.24% as measured by the S&P/ASX200 total returns Index. 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, perhaps in 2019 or 2020.

Global government bond yields experienced heightened volatility during the December quarter, reversing their previous upward trend to fall significantly overall. Bonds rallied during the period amid a prevailing 'risk-off' tone, as a US-led correction in equity markets which commenced early in the quarter gathered pace. Both economic and geopolitical factors contributed to a flight to 'safe haven' assets, with market sentiment buffeted by concerns around slowing economic growth and the likely path of monetary tightening by the US Federal Reserve, with geopolitical influences including ongoing US-China trade tensions and Brexit uncertainty coupled with political instability in the UK. Bond markets also reacted negatively to the US Federal Reserve's rate increase late in the quarter, with sentiment reflecting fear that the tightening may dampen growth.

The decline in markets over the quarter has served to improve our outlook for returns in diversified portfolios. Our forecasts for growth assets continue to indicate a significant return premium relative to both cash rates and inflation.

## Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1956AU
AMP Flexible Super - Retirement account	AMP1963AU
AMP Flexible Super - Super account	AMP1970AU
Flexible Lifetime - Allocated Pension	AMP1949AU
Flexible Lifetime - Investments (Series 2)	AMP1981AU
SignatureSuper	AMP1731AU
Flexible Lifetime - Term Pension	AMP1949AU

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