



AMP MySuper Balanced

Quarterly Investment Option Update

30 June 2019

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.

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	10 years
Relative risk rating	High
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
International shares	34
Australian Shares	26
Australian Fixed Interest	12
Listed Property and Infrastructure	12
International Fixed Interest	11
Cash	5
Growth Alternatives	0

Actual Allocation	%
International Shares	34.49
Australian Shares	25.45
Listed Property and Infrastructure	11.43
International Fixed Interest	9.77
Australian Fixed Interest	11.83
Cash	7.03

Fund Performance

AMP MySuper Diversified Balanced delivered a strong 8.9% return over the 2018-19 financial year, in what was a volatile but positive period, as most asset classes rebounded from their December lows. Pleasingly, this is the fifth consecutive financial year gain for the option.

Over the June quarter, the option returned 4.0%, adding to the positive performance of the previous quarter. Developed market shares rose 3.5% over the period (in local currency terms), boosted by the increasing likelihood of monetary policy easing by central banks to combat slowing global growth. Emerging market shares ended the period flat, as gains in energy prices were offset by concerns surrounding China's growth in May. Australian shares outperformed most major share markets, returning 7.8% over the quarter, helped by the re-election of the Coalition Government and a reduction in the official interest rate by the Reserve Bank of Australia. The more dovish tone of central banks and softer global economic data also supported strong returns for bonds and other fixed income assets over the period.

While the returns experienced over the first half of 2019 have been impressive, they are likely to moderate in the next half of the year. Most of the strength year-to-date has been driven by an expectation that easing monetary policy and fiscal stimulus will prolong the already historic length of this market cycle and support economic growth. To see meaningful upside from here, there needs to be signs that global growth is reaccelerating and geopolitical risks, like the US-China trade dispute, are resolving. A more likely scenario is that markets will trade sideways until the outlook for global growth becomes clear. We hold a broadly neutral exposure to shares, having increased our allocation to Australian shares as easing monetary policy should be supportive. We have also trimmed our bond exposure after a run of strong performance. With interest rates at these levels we expect low returns from bonds, however they remain an important source of diversification.

Market Review

Global equities remained resilient during the quarter, despite the International Monetary Fund downgrading global growth forecasts. However, the risks around growth and the strong gains in shares this year have increased the probability of a correction. Central banks are retaining their bias towards accommodative measures as visibility on growth fades.

Despite the rise in equity values, there has been some flight-to-safety as trade war and geo-political risks increase, and this has seen bond yields fall, resulting in a positive correlation between bond and equity prices.

Despite the ongoing global trade tensions, hopes remain that a practical and sustainable resolution to the US-China dispute will be reached. However, market optimism is fragile and there remain significant risks. The US's approach appears to be widening in scope if anything, with its removal of India's preferential trade status and associated implementation of tariffs. In addition, the potential for armed conflict between the US and Iran has heightened the geo-political risk environment. There were thus great expectations for positive communications and outcomes for world trade at the G20 meeting in Japan at the tail-end of the quarter, particularly from sideline talks between country heads.

Availability

Product Name	APIR
AMP Flexible Super - Super account	AMP1904AU

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