

Future Directions Moderately Conservative

Quarterly Investment Option Update

31 December 2022

Aim and Strategy

The strategy aims to achieve a rate of return of 2.0% pa above the inflation rate (measured by the Consumer Price Index) after investment fees and before tax over the investment timeframe. Using a multi-manager approach, it provides investors access to a diversified portfolio with a balanced mix of defensive assets (cash and bonds) and growth assets (shares and property). This is a multi-manager option which diversifies at asset and manager level.

Investment Option Performance

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

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	4 years
Standard Risk Measure	5/Medium to High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Fixed Income	29
Global Shares	23
Australian Shares	18
Cash	13
Infrastructure	6
Property	6
Alternatives	5

Actual Allocation	%
Global Shares	18.72
Australian Shares	18.07
Listed Property and Infrastructure	6.05
Unlisted Property and Infrastructure	5.53
Growth Alternatives	8.61
International Fixed Interest	17.43
Australian Fixed Interest	11.27
Defensive Alternatives	0.04
Cash	14.29

Fund Performance

After a difficult year in markets, the final quarter of 2022 brought some relief for investors. Positive returns across most asset classes saw the Fund end the year on an encouraging note after being constrained by higher inflation, rising interest rates and global growth concerns for most of 2022. Overall, the Fund performed behind the neutral benchmark, but outperformed the CPI objective for the quarter. Despite near-term volatility, longer term performance remains in line with expectations over most key time horizons.

There was some respite across most major markets in the December quarter as inflationary and interest rate pressures showed some signs of easing in October and November. In this environment, global developed equity markets recovered 7.4% during the period. Emerging market equities also saw strong gains, ending the period 6.5% higher, driven by a sharp recovery in Chinese equities. Domestically, Australian shares also generated positive returns, with mining and banking sectors boosting overall performance. Bond and credit allocations eked out a modest positive return after falling for most of the year. Listed real assets performed in line with broader equities, as interest rate hikes from central banks began to show some signs of slowing. Unlisted real assets remained relatively stable over the period.

Given the recovery in markets, overall fund performance finished the quarter in positive territory. Despite the strong absolute returns, the Fund underperformed the strategic benchmark in the December quarter but remains in line over 1-year and slightly ahead over 3-year time horizons. Unlisted real assets and private equity constrained relative performance, as valuation movements underperformed gains in equity markets over the quarter. Gains from Australian equity allocations were also slightly inhibited due to weaker stock selection by managers Bennelong and ECP, as "Growth" style managers underperformed. Performance versus CPI was positive over the period but remains challenged, as the sharp rise in CPI in combination with broad based corrections across equity and bond markets in 2022 hurt relative performance over longer time horizons.

Market Review

The December quarter saw continued choppy conditions across many markets, similar to that experienced throughout the rest of 2022. While driven by familiar themes, broader market sentiment was pulled in contrary directions, perhaps due to differing timeframes of investor outlooks, as shorter-term traders unsurprisingly continued to focus on inflation prints and the pathway of rate rises, medium-term considerations tended to centre around the growing likelihood of recession, while many longer-term investors looked beyond impending recessionary conditions to what opportunities a post-downturn recovery in economic growth, along with potentially lower inflation, may bring. Around the globe, central bankers' comments remained generally hawkish, even towards the end of the quarter, despite a clear slowing in the pace of hikes. Amid all this, continued geopolitical and diplomatic developments added complexity to the broader global outlook, with Russia's war on Ukraine and Chinese government policy both remaining in the spotlight. In the meantime, the US unveiled its next generation stealth bomber, the B21, arguably adding significant weight to NATO's strategic and tactical deterrence. Elsewhere, long-standing political tensions continued to simmer between Greece and Turkey. Finally, China suddenly began its exit from its draconian 'COVID-zero' policy, injecting a shot of optimism into the global outlook, particularly in Asian emerging markets.

Outlook

As we move into 2023, the impacts of higher inflation and interest rates, as well as geopolitical concerns, remains a constant threat. However, with expectations of a recession largely priced into global markets and signals of inflationary and interest rate pressures beginning to level out, we remain cautiously optimistic on a 12-24 month basis. We believe maintaining an active, well-diversified asset exposure, in addition to remaining focused on the longer-term should aid portfolio returns.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0689AU**
Flexible Lifetime - Investments (Series 2)	AMP1422AU**
SignatureSuper	AMP0804AU
SignatureSuper - Allocated Pension	AMP1160AU
SignatureSuper Term Pension	AMP1160AU

**Closed to new and existing investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying investment manager only and not necessarily the views of AMP Limited ABN 49 079 354 519 (AMP Group). No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super) or ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement (PDS) for the relevant product, available from the issuer or your financial planner.

Any advice in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in. The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.