

# Balanced Index

Quarterly Investment Option Update

31 December 2023

## Aim and Strategy

The strategy aims to closely match the index returns of the asset classes in which it invests (before fees and taxes). It has a bias towards growth assets (shares and property) but also holds defensive assets (cash and bonds). Exposure to individual asset classes will be attained through the use of low cost, index-focused investment managers. Global shares may be partially or fully hedged back to Australian dollars.

## Investment Option Performance

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

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	5 years
<b>Standard Risk Measure</b>	6/High
<b>Investment style</b>	Index
<b>Manager style</b>	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	26
Global Shares	33
Property	7
Infrastructure	7
Alternatives	0
Fixed Income	20
Cash	7

Actual Allocation	%
Global Shares	32.93
Fixed Income	19.83
Australian Shares	26.66
Property	7.49
Infrastructure	7.05
Cash	6.03

## Fund Performance

The Fund produced a strong return for the December quarter as markets rose significantly.

## Market Review

The December quarter began with falling financial markets on the back of continued difficult economic conditions. News-flow then promptly gave way to geopolitics, as Israel suffered a mass-scale terrorist attack at the hands of Gaza-based terrorist group, Hamas. Unsurprisingly, this resulted in a swift declaration of war on Hamas, which has sadly led to significant further bloodshed of innocent civilians in and around the Gaza strip. Implications for the global economy were generally not significant over the remainder of the quarter, although threats of further escalation saw a notably increased naval presence to the Mediterranean.

Mid-quarter saw sentiment turn strongly positive, with stocks surging higher and bond yields falling significantly as global inflation resumed its downtrend, economic growth remained positive, and US economic productivity showed significant improvement. Accordingly, most central banks remained on pause with rate-rises. There were also positive developments on the geopolitical front, with US and Chinese Presidents Biden and Xi meeting face to face in California, signalling a will to improve dialogue between the nations.

Markets rallied further throughout December across most regions and asset classes, as falling inflation, particularly in Europe and the US, led to increased expectations of rate cuts in 2024 and the "higher for longer" prognosis beginning to unwind.

## Outlook

Pertaining to equity markets, interest rates around the world are largely accepted as being at their cyclical peak, on the back of significantly decreased levels of inflation. Economic growth remains low, but generally positive. The corporate environment remains tough, though strong businesses, as always, will likely move forward with increased market dominance. We believe a diverse basket of businesses bought at reasonable prices, particularly those with strong competitive advantage that generate high amounts of cash from their shareholders' capital, will serve investors well over the long-term.

In relation to bond markets, the focus on predicted paths for US interest rates is likely to continue. Large drawdowns in recent years, resulting in bonds available at significantly cheaper prices, lead us to believe returns going forward will likely be reasonable; perhaps around running yield or a little more, as inflation slows, and central banks cut rates. Furthermore, bonds may serve as a diversifier to growth assets in the event of further economic slowdown.

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## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP1050AU**
Flexible Lifetime - Investments (Series 2)	AMP1390AU**
SignatureSuper	AMP0784AU
SignatureSuper - Allocated Pension	AMP1137AU
SignatureSuper Term Pension	AMP1137AU*

\*Closed to new investors

\*\*Closed to new and existing investors

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