

Future Directions Balanced

Quarterly Investment Option Update

30 September 2024

Aim and Strategy

The strategy aims to achieve a rate of return of 3% pa above the inflation rate (measured by the Consumer Price Index) after fees and superannuation tax, over a 10-year timeframe. Using a multi-manager approach, it provides investors access to a diversified portfolio with a bias towards growth assets (shares and property), with some exposure to defensive assets (bonds and cash). 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	5 years
Standard Risk Measure	6/High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	26
Global Shares	33
Property	6
Infrastructure	8
Alternatives	2
Fixed Income	19
Cash	6

Actual Allocation	%
Global Shares	35.14
Fixed Income	23.25
Australian Shares	26.18
Infrastructure	8.94
Property	4.76
Cash	1.12
Alternatives	0.60

Fund Performance

The September quarter was a positive period across all major asset classes, with strong performances in both share and bond markets. This reflected positively on the Balanced Investment Option's performance, with a strong absolute return seen over the third quarter. The Investment Option outperformed its CPI objective for the period, though was slightly behind against its strategic benchmark (after all fees and taxes). Longer-term performance against both the CPI objective and strategic benchmark remains mixed over most time horizons, but is continuing to trend in a positive direction as inflationary levels normalise and manager performance improves.

Investor sentiment was negatively affected mid-quarter due to a combination of weaker US economic indicators and monetary policy tightening in Japan, leading to market volatility. By quarter end however, the long-anticipated start of rate cuts by the Fed in addition to stimulatory measures in China, supported share markets, resulting in a strong outcome by the end of the quarter. Developed markets delivered around 6.5% (in local currency terms), with value stocks and listed real assets proving to be the key drivers over the period. Emerging markets were similarly boosted by optimistic economic developments, particularly in Asia, generating positive performance after a relatively volatile couple of months. Domestically, Australian shares performed similarly over the quarter, with industrial, real estate and IT sectors recording strong gains. Fixed income assets were also supported in the environment, as the global interest rate outlook continues to shift towards further easing into the near future. The performance of Australian and international bond exposures in the Option reflected this change in cycle, boosting overall returns. Credit allocations performed similarly, also generating a positive return. Unlisted real assets and alternatives exposures' performance meanwhile were somewhat constrained over the quarter, amid mixed valuations.

Australian and International share allocations were the key drivers of return, particularly through listed real assets.

Market Review

The September quarter saw gains in most major asset classes as close to half of global central banks, including the US, UK and the Eurozone, began to cut rates. This came on the back of subdued, yet still positive economic growth and consistently falling inflation. With US inflation now close to the Fed's 2% target, an assertive rate cut from the Fed materialised late in the quarter to the tune of 50 basis points, along with firmer expectations of more to come. Monetary easing also continued outside of the US, notably in China, with more aggressive government stimulus expected to be applied in efforts to counter the nation's struggling property market.

War meanwhile unfortunately continued, both in Ukraine and Russia, and in the Middle East where fighting significantly escalated. While causing some volatility in the oil price, as is often the case, there wasn't much significant impact on investment markets.

Focus on the US election also intensified, with immigration, foreign policy (particularly with regard to global wars) and the economy being the major issues, along with two failed assassination attempts on Presidential candidate Trump occurring in July and September.

Outlook

Looking ahead, we anticipate the remainder of 2024 to be a reasonable year for returns, bolstered by easing inflation pressures, central banks moving to cut rates and prospects for stronger growth in 2025-2026. However, there remains a moderate risk of recession, geopolitical risks and possible delays to expected rate cuts. In this environment, we remain highly diversified across asset classes and strategies.

Availability

Product Name	APIR
SignatureSuper	AMP0798AU
SignatureSuper - Allocated Pension	AMP1080AU
SignatureSuper - Term Pension	AMP1080AU*

*Closed to new investors

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