

Balanced Index

Quarterly Investment Option Update

31 December 2024

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

Investment Option Overview

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

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	35	36
Fixed Income and Cash	25	25
Australian Shares	26	26
Infrastructure	7	7
Property	7	7

*Allocation data may not add to 100% due to rounding.

Fund Performance

The Investment Option produced a positive return for the December quarter, as markets rose on optimism around market-friendly policies of the incoming US administration, despite some concerns around tariffs. Over one year meanwhile, a double-digit return was generated.

Market Review

The December quarter saw growth assets rise strongly. The major story of the period was the re-election of Donald Trump, who secured a majority in both the US house and the senate, providing the Republicans a strong platform to enact their agenda. Republican policy leading up to the election centred around the US economy, global conflicts and border control. Drilling and fracking for oil and gas is set to significantly rise, while national spending, tax and regulations are all flagged to be cut. The drop in government revenue will likely be offset by higher tariff rates on imports to the US. Aside from the US election results, the quarter saw further interest rate cuts around the globe, including two in the US, as global inflation pressures continued to cool, especially within the services sector. US economic growth figures released during the quarter also remained strong, though European figures indicated conditions close to recessionary levels. In Asia, confidence remained elevated in Japan on continued signs the economy may be emerging from decades of low growth, while in China sentiment took a hit on the election of Donald Trump given potential increases in tariffs on Chinese exports, despite a wide range of both fiscal and monetary stimulus measures being rolled out.

Outlook

The overall macro environment for global shares looks reasonable, with interest rates now falling in most regions on the back of significantly decreased levels of inflation and low, but still-positive economic growth. Of course, geopolitical and some valuation-related risk exists, which may result in some shorter-term volatility, however these factors could also surprise on the positive side. Regardless, for longer-term investors, 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.

Global bond markets are likely to continue to focus on the expected paths for US interest rates. Large drawdowns in recent years, resulting in bonds being available at significantly cheaper prices, continue to lead us to believe returns going forward will likely be reasonable; perhaps around current running yield or a little more, as inflation slows, and central banks cut rates. Furthermore, bonds will likely serve as a diversifier to growth assets, particularly during economic slowdown. Stickier than expected inflation remains a risk, as this could cause delays to additional rate cuts.

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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