

Future Directions Balanced

Quarterly Investment Option Update

31 December 2024

Aim and Strategy

The strategy aims to achieve a rate of return of 3.25% pa above the inflation rate (measured by the Consumer Price Index) after investment fees, costs 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 (%)	Actual (%)
Global Shares	37	39
Fixed Income and Cash	23	21
Infrastructure	10	10
Australian Shares	26	26
Property	4	4
Alternatives	0	0

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

Fund Performance

2024 was another positive year for risk assets, with exceptionally strong gains in shares led by a stellar US market. This reflected well upon the Future Directions Balanced Option, which generated a strong double-digit return over the year and a positive return for the quarter.

Despite a constrained end of year, owing to a more 'hawkish' outlook from the US Federal Reserve, sentiment in 2024 was positive overall. Developed markets delivered over 20% for the year and 2% for the quarter (in local currency terms), with the "Magnificent Seven" stocks leading the way as US holdings broadly outperformed global counterparts. Emerging markets similarly delivered positive returns for the year, but underperformed US markets, as economic headwinds in China in the first half of the year limited gains. Domestically, Australian shares followed global trends, generating a positive return on the year, but underperforming over the quarter due to weakness in commodities and a deteriorating economic outlook. The year's positive performance in risk assets also carried over to fixed income, with high yield credit markets generating upwards of 8% in 2024 as spreads tightened. Credit and bond markets eked out a positive return against a backdrop of increasing economic uncertainty in Europe, in addition to mixed rate outlooks for global central banks. For the quarter, fixed income unperformed as rates rose following hawkish dialogue from central banks. Unlisted real assets performance was somewhat constrained over the year and quarter, amid mixed valuations.

International and Australian share allocations were the key driver of returns, along with smaller gains from high yield-driven allocations. Against CPI, the Investment Option outperformed its objective for the year, but remained slightly behind against its strategic benchmark (after all fees), largely driven by underperformance of unlisted assets against listed benchmarks. Longer-term performance remains strong across most key time horizons.

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

Looking ahead, we anticipate 2025 to be a good year for markets, however investors should expect returns to be more constrained than those seen in 2024. Geopolitical risks, inflation and stretched share valuations, in some areas, all remain front of mind for investors. In this environment, we remain highly diversified across asset classes and strategies, with a modest overweight to US shares.

Availability

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

*Closed to new investors

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