

# Future Directions Moderately Conservative

Quarterly Investment Option Update

30 June 2024

## Aim and Strategy

The strategy aims to achieve a rate of return of 2.5% 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 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](http://www.amp.com.au/performance)

## Investment Option Overview

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

Asset Allocation	Benchmark (%)
Australian shares	18
Global Shares	23
Property	6
Infrastructure	7
Alternatives	2
Fixed Income	32
Cash	12

Actual Allocation	%
Fixed Income	36.37
Global Shares	25.47
Australian Shares	18.27
Infrastructure	7.02
Property	5.67
Alternatives	1.31
Cash	5.90

## Fund Performance

Spurred on by market momentum that commenced in Q1, June quarter performance ended on a positive note for most markets despite increased volatility. This translated well for Future Directions Moderately Conservative Investment Option's performance, which eked out a small gain over the quarter and made a strong FY24 return (after all fees and taxes). Against CPI, the Investment Option underperformed its objective for the quarter but outperformed over the year. Over longer time periods, relative performance remains mixed but is moving in a positive direction.

After a choppy start to the quarter, initial concerns of a global 'hard landing' subsided in June as inflationary indicators cooled, as did the risk of a rate increase in the US. In fact, by quarter's end, some developed economies appeared to have entered a period of policy easing, delivering their first cuts to cash rates since the outbreak of COVID-19. This was well received by both developed and emerging markets.

Companies exposed to artificial intelligence added to performance over the quarter. Returns of Australian share allocations lagged global counterparts, as domestic inflation proved relatively difficult to bring under control, creating a bias towards further tightening or, at least, a 'higher for longer' rate environment. Bond markets were also constrained by the evolving outlook, however higher yielding credit sectors generated a positive return thanks to a strong end of quarter. Unlisted property, private equity and alternatives were somewhat constrained over the quarter amid weaker valuations, particularly when compared to global share markets, whilst infrastructure was broadly stable.

Broadly neutral positioning across most asset classes benefitted the Investment Option, in what was a relatively volatile period. International share allocations were the key driver of returns, along with smaller gains from underlying high yield credit and private equity managers. Underlying Australian equity managers generated a small return but underperformed the benchmark, whilst bond allocations were broadly in line with benchmark and had a neutral effect on overall performance. Real assets were constrained with property particularly challenged in a higher interest rate environment.

## Market Review

The June quarter in many ways was a close reflection of recent quarters and indeed much of the 2024 financial year. Further gains in global growth asset markets were seen, as familiar themes remained dominant in economic news flow. Deflation also generally continued around the globe, though some spikes in inflation again caused some angst in interest rate-sensitive markets. Services, rather than goods, were generally the culprit of these inflationary spikes, particularly in the US. Global central banks meanwhile continued their slow shift towards cutting rates, with a number of rate cuts in Europe and the Americas, though this didn't eventuate in the US or Australia over the period. Outside of inflation, US economic data, while still somewhat resilient, weakened slightly, which again drove positive market sentiment via hopes of bringing Fed rate cuts closer, despite the central bank indicating fewer hikes were likely this year than markets were predicting.

## Outlook

Looking ahead, we anticipate the second half 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. As previously mentioned however, there remains a high 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	AMP0804AU
SignatureSuper - Allocated Pension	AMP1160AU
SignatureSuper - Term Pension	AMP1160AU*

\*Closed to new investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto: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). 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, 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.

For notices and disclaimers related to the MSCI Benchmarks within this document, please refer to [www.msci.com/notice-and-disclaimer](http://www.msci.com/notice-and-disclaimer)