

# Moderately Conservative Index

Quarterly Investment Option Update

31 December 2022

## 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 is broadly balanced between growth assets (shares and property) and 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>	4 years
<b>Standard Risk Measure</b>	5/Medium to High
<b>Investment style</b>	Index
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Fixed Income	29
Global Shares	20
Australian Shares	18
Cash	15
Property	7
Infrastructure	6
Alternatives	5

<b>Actual Allocation</b>	<b>%</b>
Global Shares	20.69
Australian Shares	18.31
Listed Property and Infrastructure	12.62
Growth Alternatives	5.27
International Fixed Interest	15.18
Australian Fixed Interest	13.54
Cash	14.39

## Fund Performance

The Fund produced a very strong positive return for the December quarter amid rising broader markets.

## Market Review

The December quarter saw continued choppy conditions across many markets, similar to that experienced throughout the rest of 2022. While driven by familiar themes, broader market sentiment was pulled in contrary directions, perhaps due to differing timeframes of investor outlooks, as shorter-term traders unsurprisingly continued to focus on inflation prints and the pathway of rate rises, medium-term considerations tended to centre around the growing likelihood of recession, while many longer-term investors looked beyond impending recessionary conditions to what opportunities a post-downturn recovery in economic growth, along with potentially lower inflation, may bring. Around the globe, central bankers' comments remained generally hawkish, even towards the end of the quarter, despite a clear slowing in the pace of hikes. Amid all this, continued geopolitical and diplomatic developments added complexity to the broader global outlook, with Russia's war on Ukraine and Chinese government policy both remaining in the spotlight. In the meantime, the US unveiled its next generation stealth bomber, the B21, arguably adding significant weight to NATO's strategic and tactical deterrence. Elsewhere, long-standing political tensions continued to simmer between Greece and Turkey. Finally, China suddenly began its exit from its draconian 'COVID-zero' policy, injecting a shot of optimism into the global outlook, particularly in Asian emerging markets.

## Outlook

As central banks continue to raise interest rates, equity markets appear to have factored in a reasonable likelihood of recession. Corporate earnings are facing headwinds, with increased costs eating into margins often reflected by downwards revisions to earnings estimates. Businesses with a strong competitive advantage and power to raise prices are likely to gain market share.

In bond markets, inflation, the path of interest rate movements and recession are likely to continue to be dominant drivers of returns over the medium-term. After long, drawn-out falls in bond prices in recent years, whilst there is still scope for central banks to further increase rates in the near-term, yields now have reverted to more attractive valuation levels. We therefore believe there is scope for improved returns from the asset class over the medium to long-term.

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## Availability

Product Name	APIR
SignatureSuper	AMP1545AU
SignatureSuper - Allocated Pension	AMP1557AU
SignatureSuper Term Pension	AMP1557AU

## 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



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