

# AMP Capital Balanced Growth

## Quarterly Investment Option Update

31 March 2020

### Aim and Strategy

To provide primarily capital growth with some income after costs and before tax, above the strategy's performance benchmark on a rolling 3 year basis, by investing across a range of asset types, with high exposure to growth assets. The strategy aims to provide investors with exposure to a diversified range of Australian and international growth sources across asset classes including shares, Australian listed property trusts, and global listed property securities.

### Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

### Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	5 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

Asset Allocation	Benchmark (%)
International shares	32
Australian Shares	27
Australian Fixed Interest	15
Listed Property and Infrastructure	11
International Fixed Interest	10
Cash	5
Defensive Alternatives	0
Growth Alternatives	0

Actual Allocation	%
International Shares	33.04
Australian Shares	24.92
Listed Property and Infrastructure	9.80
International Fixed Interest	6.98
Australian Fixed Interest	17.67
Cash	7.60

## Fund Performance

The option delivered a negative return for the first quarter of 2020 as the world economy was brought to a standstill by the COVID-19 pandemic. Despite diversification lessening the impact on returns, the swiftness and severity of share market falls all but erased returns generated in 2019. Compared to peers, the option has maintained its strong relative performance, remaining ahead of median across most key timeframes.

This year began with concerns ranging from domestic environmental catastrophes to COVID-19 and its dramatic disruption of global supply chains, geo-politics, employment and economic activity. As infection rates and the number of countries impacted increased exponentially, the disease evolved from a primarily China-centric issue to a global phenomenon that has drastically hampered economic performance around the world and may serve as a catalyst for recession. Defensive assets, such as government bonds and cash benefitted from this environment as investors rotated towards safety. Similarly, assets such as direct property and infrastructure, which are infrequently traded, remained less sensitive to market moves and reduced overall portfolio volatility. However, risk assets experienced extreme volatility due to tight liquidity conditions and the economic devastation caused by COVID-19, which in turn, dominated overall performance. Despite an unprecedented and co-ordinated effort by global governments and central banks to stabilise and stimulate their economies through large fiscal packages, further rate cuts and quantitative easing, both developed and emerging market shares fell 20% and 19% respectively (in local currencies terms) and Australian shares followed suit.

With the severity and duration of the pandemic unclear, the outlook for 2020 is challenged and returns are likely to remain volatile in the months ahead. Given this, we hold a broadly neutral growth/defensive asset split, with a view to shift into more defensive allocations should the environment worsen. The option also continues to hold a diverse exposure to alternatives, such as direct property and hedge funds, to help manage risk and smooth returns in periods of share market volatility. It is important for members to remember that these market shocks do not last forever and to remain focussed on the long term.

## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0013AU*
Flexible Lifetime - Investments (Series 2)	AMP1391AU

\*Closed to new investors

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