Future Directions Conservative

Quarterly Investment Option Update

31 March 2020

Aim and Strategy

To provide a rate of return of 1.5% above inflation (Consumer Price Index) after costs and before tax over a 3 year period. Future Directions Conservative option is a multi-manager option that gives investors access to a diversified portfolio with a bias towards income assets (bonds and cash) while having a limited exposure to growth (shares and property) and alternative assets. The multi manager option diversifies at asset and manager level investing in both AMP Capital and external managers. The key benefits are:- active management: within the assets class for example choosing stocks and allocating between asset classes- a broad range of asset classes including investments into unlisted property and infrastructure and- an experienced investment team.

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	3 years
Relative risk rating	Low to Medium
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Fixed Interest	22
International Fixed Interest	20
Cash	18
International Shares	12
Australian Shares	9
Defensive Alternatives	5
Growth Alternatives	5
Listed Property and Infrastructure	5
Unlisted Property and Infrastructure	4

Actual Allocation	%
International Shares	10.74
Australian Shares	6.90
Listed Property and Infrastructure	3.37
Unlisted Property and Infrastructure	5.14
Growth Alternatives	4.83
International Fixed Interest	21.00
Australian Fixed Interest	24.78
Defensive Alternatives	3.89
Cash	19.35

Fund Performance

The Fund 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 and sizeable allocations to defensive assets lessening the impact on returns, the swiftness and severity of share market and credit market falls all but erased returns generated in 2019.

The start of 2020 saw concerns shift from trade and geo-politics to COVID-19 and its effect on the global economy. As the number of countries impacted increased exponentially, the virus evolved from a primarily China-centric issue to a catalyst for global recession. The Fund's sizeable allocations to defensive assets, such as government bonds and cash, benefitted as investors rotated to safety. Similarly, more stable assets such as direct property and infrastructure reduced the Fund's volatility as returns from direct real assets are less sensitive to sharp market moves. However, growth assets experienced extreme volatility and tight liquidity conditions. Despite record fiscal stimulus packages by global governments and further rate cuts and quantitative easing by central banks, both developed and emerging market shares fell 20% and 19% respectively (in local currencies terms) and Australian shares followed suit. Credit markets suffered due to concerns about liquidity and corporate profit.

Market Review

The first quarter of 2020 began with the renewed conflicts between the US and Iran and the US-China trade tensions which were later resolved and share markets were encouraged by initial signs the global economy was improving. However, as March approached, the global surge in COVID-19 cases outside of China led to a pandemic. At the end of the quarter, despite the continued rise in new COVID-19 cases (especially in the US and Italy) and signs of a slowdown in global economic activity, share markets had a strong rebound in response to further announcements of unprecedented stimulus measures by governments and central banks.

The Federal Reserve reduced interest rates by a further 100 basis points to 0.00%–0.25% and commenced its quantitative easing. The US government announced the largest fiscal package, worth $US2 trillion. The Bank of Canada lowered its overnight rate target to 0.75% and launched a credit facility program.

In Europe, the UK officially left the European Union on 31 January. The European Central Bank launched a new Pandemic Emergency Purchase Programme, worth €750 billion. The Bank of England lowered its Bank Rate further and launched a new substantial quantitative easing program whilst the UK government announced it credit guarantees.

In Asia, China's central bank announced a reduction in reserve ratios for banks. The Bank of Japan provided a significant liquidity injection and expanded its quantitative easing program.

Outlook

With the severity and duration of the pandemic unclear, the outlook for 2020 is challenged and returns are likely to remain volatile over the months ahead. Given the conservative nature of the Fund, already sizeable allocations to bonds and cash should provide some protection from share market volatility. Domestic and international share exposure has been actively managed to below neutral levels in favour of more defensive assets, given the risk-adverse market conditions. We also maintain broad exposures to alternative assets such as direct property, infrastructure and hedge funds which allow us to manage portfolio risk during periods of share market volatility. It is important to remember that these market shocks do not last forever and to remain focussed on the long term.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0656AU*
AMP Flexible Super - Retirement account	AMP1349AU*
AMP Flexible Super - Super account	AMP1478AU*
CustomSuper	AMP0656AU
Flexible Lifetime - Allocated Pension	AMP0602AU*
Flexible Lifetime - Investments (Series 1)	AMP0688AU*
Flexible Lifetime - Investments (Series 2)	AMP1413AU*
Flexible Lifetime - Term Pension	AMP0923AU*
SignatureSuper	AMP0799AU
SignatureSuper - Allocated Pension	AMP1081AU
SignatureSuper Select	AMP0799AU

*Closed to new investors

Contact Details

Web: www.amp.com.au
Email: askamp@amp.com.au
Phone: 131 267

What you need to know
This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). 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 the 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. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information 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.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL), AMP Capital Funds Management Limited ABN 15 159 557 724, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

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 (Future Directions Conservative). 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.