



AMP Monthly Income Fund No. 1

Quarterly Investment Option Update

30 June 2020

Aim and Strategy

To provide for a distribution rate of 1.00% per month and to achieve an underlying balance of capital growth and income over the medium to long term, primarily through a diversified portfolio of shares, property, fixed interest and cash.

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 - 5 years
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Shares	44
Australian Fixed Interest	34
Cash	13
International shares	6
Listed Property and Infrastructure	3

Actual Allocation	%
International Shares	5.52
Australian Shares	47.69
Listed Property and Infrastructure	3.69
Australian Fixed Interest	32.32
Cash	10.78

Fund Performance

The Monthly Income Fund No. 1 delivered a strong return over the June quarter, as global markets rebounded due to encouraging developments in the global response to COVID-19. Growth assets, particularly shares, provided the largest contribution to the return, partially recovering from lows experienced at the height of COVID-19 concerns in late March.

Investor sentiment improved throughout the June quarter as global central banks and governments adopted stimulus programmes and commenced reopening economies. In this environment, developed market and Australian shares rose 18.5% and 16.5% respectively (in local currency terms), boosted by positive employment and business confidence data released. More yield sensitive assets, such as bonds, also generated positive returns due to liquidity support provided by central banks. However, listed property returns remained constrained due to ongoing concerns about COVID-19 and the impact of the extensive containment measures.

The outlook for the global economy continues to be tied to COVID-19. With some regions continuing to experience rising infection rates, the possibility of a 'second wave' could lead to further social distancing measures being imposed or economies reverting to lockdowns. Ultimately this leaves markets susceptible to a correction in the short term, or ongoing volatility. In this environment, the Fund remains well-diversified across asset classes to manage risk. Allocations remain predisposed to income-generating assets, such as Australian shares and fixed income, with minor allocations to listed property as an alternative source of yield. Sizeable allocations to Australian fixed income and cash should provide some protection and diversify returns in periods of share market volatility.

Market Review

As expected, global markets were heavily impacted by COVID-19 government restrictions and the flow-on effects of lockdown. Equities were volatile as shifting sentiment created swings between a risk-on and risk-off bias. Despite this, there was a net sharp rally over the quarter in equity markets as some COVID-19 lockdown measures started to be unwound. This leaves equity markets open to the risk of a correction. COVID-19 impacts were aggravated by increasingly acrimonious relations between the US and China. In addition, there is the risk of further waves of COVID-19, especially in the more densely populated countries, and the potential for economies to fall back once working capital supplied by government policies peters out and companies review their strategies and demand. The World Bank, the Organisation for Economic Co-operation and Development, and the International Monetary Fund all indicate they expect the worst global recession since the Great Depression.

In the US, the Federal Reserve (Fed) significantly increased its COVID-19-related lending programmes. Fed Chairman Jerome Powell suggested the central bank will use its "full range of tools" and act "forcefully, proactively and aggressively until it is confident the economy is on the road to recovery". He also said the central bank still had plenty of options available, with the expectation that monthly bond purchases will increase.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	GIO0001AU
Flexible Lifetime - Investments (Series 2)	AMP1442AU

*Closed to new investors

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



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