

# AMP Capital Balanced Growth

Quarterly Investment Option Update

30 September 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/performance](http://www.amp.com.au/performance)

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	5 years
<b>Relative risk rating</b>	6 / High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
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

<b>Actual Allocation</b>	<b>%</b>
International Shares	32.85
Australian Shares	26.51
Listed Property and Infrastructure	12.06
International Fixed Interest	7.84
Australian Fixed Interest	15.27
Cash	5.47

## Fund Performance

The option delivered a positive return over the September quarter, building on the strong gains of the June quarter. Growth assets again proved to be the key drivers of overall return, as global markets enjoyed a relatively encouraging period. Outperformance against the benchmark (before fees) over the quarter was primarily achieved by taking advantage of the strong performance of global markets with a slight overweight. The option has maintained its strong relative performance, remaining ahead of median across most key timeframes.

While many economies entered a recession, July and August saw share markets rally. Buoyed by strong growth in the US technology sector and sustained monetary and fiscal policy stimulus, domestic and international shares positions generated strong returns. However, by September markets began to diverge as fears of a 'second wave' of COVID-19 and renewed lockdowns dampened investor sentiment. Overall, the S&P/ASX 200 index ended the quarter down -0.4% while the MSCI World ex Australia index closed up 6.9% (in local currency terms). Within the option however, strong stock selection in both Australian and developed international shares boosted returns, leading to outperformance against indexes. Furthermore, allocations to emerging markets also added to relative returns, largely driven by significant gains in Asian market exposures.

In fixed income markets, government bonds were largely flat as rates were range bound, while credit markets rallied consistent with the 'risk-on' tone of the quarter. The option benefited from an overweight to credit that improved performance as domestic and international fixed income markets rallied. Alternatives and unlisted assets were broadly flat as the impact of COVID-19 continued to depress valuations.

Looking ahead, the final quarter of the year is poised to be eventful for markets. We expect continued volatility with several major events on the horizon, including: (i) the US election; (ii) uncertainty surrounding further monetary and fiscal stimulus; and (iii) [hopefully positive] news on a vaccine and/or improved therapeutics for COVID-19. We remain acutely aware that valuations are being tested throughout North America in several sectors (such as information technology and communications) and may revert should sentiment wane, which would add further volatility towards calendar year end. As such, we remain confident that an active approach, with a focus on diversification across asset classes to assist in risk mitigation, is advantageous going into this period. Consequently, we continue to target a broadly neutral allocation, including exposures to unlisted and alternative strategies, which act as important diversifiers to our listed securities.

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## Availability

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

\*Closed to new investors

## Contact Details

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