



# AMP Monthly Income Fund No. 3

Quarterly Investment Option Update

30 September 2020

## Aim and Strategy

To provide for a distribution rate of 0.50% 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/performance](http://www.amp.com.au/performance)

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	3 - 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>
Australian Shares	44
Australian Fixed Interest	34
Cash	13
International shares	6
Listed Property and Infrastructure	3

<b>Actual Allocation</b>	<b>%</b>
International Shares	6.33
Australian Shares	43.44
Listed Property and Infrastructure	3.40
Australian Fixed Interest	34.68
Cash	12.15

## Fund Performance

The Monthly Income Fund No. 3 delivered a positive return over the September quarter, building on the strong return over the June quarter. Growth assets again proved to be the key drivers of overall return, as global share markets rallied throughout July and August, although they were volatile in September.

While many economies went into recession, July and August saw share markets buoyed by strong growth in the US technology sector and sustained monetary and fiscal policy stimulus. 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). The opposite occurred in listed property markets, where the Australian market gained, driven by a positive earnings season, while their global counterparts retreated in September, to end the quarter fairly flat. Government bonds were generally unchanged as yields were largely range bound, while credit markets rallied due to the 'risk-on' tone of the quarter.

Within the Fund, strong stock selection in both Australian fixed income and listed property boosted relative returns. 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) news [hopefully positive] 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 technology and communications) and may revert should sentiment wane, which would add to share market 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. Sizeable allocations to Australian fixed income and cash should provide some protection and diversification returns should share markets remain volatile.

## Market Review

Global equities rose during most of the quarter as the balance of data and economic expectations was initially viewed positively and on hopes that a COVID-19 vaccine might be available in a compressed timeframe. However, by quarter end, global equity markets suffered a pullback, led by the technology sector which later broadened to other sectors. Energy was also impacted as the oil price pulled back. For COVID-19, conditions and outlook remained uncertain. The global death count from the pandemic has now exceeded the one million mark.

Escalating tensions between the US and China have also elevated uncertainty. The US has rejected China's territorial claims to the South China Sea and has ended Hong Kong's special trade status with the US, requesting support in its stance from its allies. The US administration has also moved to put restrictions on some Chinese companies operating in the US, including TikTok and WeChat, although the US courts have moderated some of these decisions.

In the US, there is likely to be further downward pressure on the US dollar as quantitative easing measures continue to ramp up. An ongoing US dollar retracement would be consistent with improving global growth relative to that in the US and the US Federal Reserve's aggressive quantitative easing programme, which is significantly increasing the supply of US dollars.

---

## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	GIO0003AU*
Flexible Lifetime - Investments (Series 2)	AMP1444AU

\*Closed to new investors

## 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



### What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). 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 AMP Limited ABN 49 079 354 519 (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.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM) and/or ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). 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 advice 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. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

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 (underlying fund). 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.

Neither NM Super, AMPCFM, ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.

Please note that slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.