

# Future Directions Moderately Conservative

Quarterly Investment Option Update

31 December 2020

## Aim and Strategy

To provide moderate returns over the medium term through a diversified portfolio of assets such as fixed interest, shares, property and alternative assets. The portfolio aims to achieve a rate of return above inflation after costs over a 3 to 5-year period and to provide a total return, after costs and before tax, higher than the return from the relevant benchmarks of the underlying investments. The portfolio also aims to exceed the Chant West Multi-Manager Survey (Balanced Growth) Median(competitor universe) on a pre-tax basis.

## 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>	4 years
<b>Relative risk rating</b>	Medium to high
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
International shares	19
Australian Fixed Interest	17
Australian Shares	17
International Fixed Interest	13
Cash	10
Growth Alternatives	9
Unlisted Property and Infrastructure	6
Defensive Alternatives	5
Listed Property and Infrastructure	4

<b>Actual Allocation</b>	<b>%</b>
International Shares	19.78
Australian Shares	17.61
Listed Property and Infrastructure	2.31
Unlisted Property and Infrastructure	5.93
Growth Alternatives	5.75
International Fixed Interest	17.25
Australian Fixed Interest	15.26
Defensive Alternatives	4.57
Cash	11.54

## Fund Performance

The Fund delivered a strong positive return over the December quarter, continuing an impressive rebound since the March quarter lows, to finish the year on an encouraging note. As has been the case since the second quarter of 2020, the momentum of growth assets has continued to drive the strong Fund performance. Overall, the Fund outperformed the benchmark and comfortably exceeded its CPI objective over the quarter.

Geopolitics, stimulus relief and COVID-19 news dominated investor sentiment over the quarter. In the US, political uncertainty was quelled, as Joe Biden was confirmed by the electoral college as the President Elect of the United States. Additionally, the signing of the economic stimulus relief bill, aptly titled the CARES Act, provided further reprieve and economic support. On the COVID-19 front, despite a worrying uptick in cases in the northern hemisphere, the announcement of three effective vaccines added fuel to the post-US election rally, leading to a strong finish to the year. Overall, the S&P/ASX 200 index ended the quarter up 13.7%, while the MSCI World ex Australia index closed up 12.7% (in local currency terms), with cyclical segments of the market and small cap stocks among the key winners. Government bonds were generally unchanged as yields were largely range bound, while credit markets rallied due to the 'risk-on' tone. Unlisted assets and alternatives also saw gains.

Relative to benchmark, the Fund outperformed over the quarter. The decision to hold overweight allocations in listed real assets and credit, at the expense of bonds, boosted relative performance as riskier assets rallied and continued stimulus anchored bond yields. Stock selection in both Australian and international bonds also contributed to relative performance as underlying managers performed well. However, share market and alternatives exposures were mixed as quantitative strategies such as quality, growth and momentum signals underperformed value.

## Market Review

December saw some closure and improved visibility on issues that had been weighing on the market for most of 2020. Despite further COVID-19 waves, breakouts and new strains, tangible plans for vaccine rollouts in 2021 showed an improved path to normalcy. In Europe, a Brexit deal was finally agreed and signed. All-in-all, the global environment imparted a more positive backdrop at the tail-end of the year which kept equity markets supported. However, many equity markets now look stretched and signs of excessive optimism have been reflected in IPOs often trading significantly above their launch valuations, with sketchy or sometimes zero profitability.

Ahead of the US presidential election global equities exhibited mixed performance as the initial acrimonious presidential debate impacted market certainty and support. After a protracted count, Democratic candidate Joe Biden won the election, although it took significant time for the Trump administration to tacitly accept defeat and agree to co-operate with a transition of power. Post the US election, global equity markets were buoyed by increased political certainty and positive news on several viable COVID-19 vaccines.

Global markets will be looking ahead to 2021 hoping that the impact of 2020 will be able to be reversed as soon as possible once vaccine programmes start to make their full effect felt.

## Outlook

Looking ahead, we remain cautiously optimistic for 2021. Positive market momentum has continued into the start of the new year. Ongoing easy monetary policy, fiscal stimulus, rollout of vaccines and the resolution of many geopolitical concerns has benefitted the Fund. However, the sharp 'V-shaped' recovery has left markets susceptible to a correction. As such, we continue to maintain an active, well-diversified asset exposure, inclusive of alternative strategies, to help protect capital should share markets sell off. We continue to hold tilts into cash and credit assets, at the expense of government bonds, as we expect continued global central bank liquidity to support credit markets. Option protection also continues to be implemented to help mitigate losses should share markets selloff.

## Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1358AU*
AMP Flexible Super - Super	AMP1487AU*
CustomSuper	AMP0660AU
Flexible Lifetime - Allocated Pension	AMP0607AU*
Flexible Lifetime - Investments (Series 1)	AMP0689AU**
Flexible Lifetime - Investments (Series 2)	AMP1422AU**
Flexible Lifetime - Super	AMP0660AU*
Flexible Lifetime - Term Pension	AMP0930AU*
SignatureSuper	AMP0804AU
SignatureSuper - Allocated Pension	AMP1160AU
SignatureSuper Select	AMP0804AU

\*Closed to new investors, \*\*Closed to new and existing 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 (PDS) 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. 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, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.