

Future Directions Moderately Conservative

Quarterly Investment Option Update

31 March 2021

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

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	4 years
Relative risk rating	Medium to High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
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

Actual Allocation	%
International Shares	20.47
Australian Shares	18.25
Listed Property and Infrastructure	5.21
Unlisted Property and Infrastructure	6.02
Growth Alternatives	5.45
International Fixed Interest	16.27
Australian Fixed Interest	11.47
Defensive Alternatives	4.75
Cash	12.11

Fund Performance

The Fund commenced 2021 on a positive note, delivering a fourth consecutive quarter of positive performance. Growth assets continued to be the key driver of performance as broad-based optimism drove the share market higher, while more defensive assets weakened. Overall, the Fund outperformed the benchmark and comfortably exceeded its CPI objective over the period.

In general, investors reacted positively to the execution of a US\$1.9 trillion US economic stimulus bill, the American Rescue Plan Act, as well as the strong progress of the vaccine rollout in the US and UK. It is expected that with the further economic support and continued inoculation effort, global economies should be able to sustainably reopen and realise strong economic growth throughout 2021. This backdrop saw share markets rally, and bond markets fall. Overall, the S&P/ASX 200 index ended the quarter up 4.3% and the MSCI World ex Australia index closed up 6.2% (in local currency terms), largely driven by sharp gains in value stocks and commodities. Global bonds returned -2.5% (on an Australian dollar hedged basis), as yields rose. Unlisted assets and alternatives gained as investors reacted to positive sentiment.

Relative to the benchmark, the Fund performed well over the quarter. Active share exposures were a key driver of outperformance, with value strategies performing strongly. Alternatives also generated positive returns boosting outperformance. Additionally, the active decision to hold underweight allocations to both Australian and international bonds provided uplift, as they underperformed relative to other asset classes.

Market Review

Share markets were volatile over the March quarter overall as uncertainty increased around the potential effect of upward pressure on bond rates, evidenced toward the tail-end of the quarter, nascent inflationary pressures, and how central banks will react in the current environment. There were also some concerns over the pace of vaccine rollout in some countries, supply bottlenecks, and the general pace of economic recovery. However, countering this, global share markets saw some support in the period from improving visibility developing around these areas. Despite this, technology stocks continue to exhibit some risk-on / risk-off vacillation around potentially excessive valuations and the ongoing rotation bias from growth into value.

In the US, the US\$1.9 trillion support programme was passed in an attempt to provide further stimulus to the economy and make good an initial election promise to reduce some economic inequality. Markets are hoping the programme will be able to stimulate activity without stoking inflation. The passing of the bill has imparted some confidence to the new administration and Joe Biden gave his first press conference, albeit somewhat later than expected, with optimism.

Outlook

Looking ahead, we remain cautiously optimistic for the remainder of 2021. As the COVID-19 vaccine rollout continues to gain pace globally and the hospitalisation rate continues to trend downward, economic growth is projected to boom as economies ramp up their re-opening efforts. Against this backdrop, we look favourably on shares relative to bonds. However, the sharp 'V-shaped' recovery has left markets somewhat susceptible to a correction. Maintaining an active, well-diversified asset exposure should help mitigate losses should this scenario arise. We continue to hold tilts into cash, shares and credit assets, at the expense of domestic and international government bonds, as we expect them to benefit in this environment. 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

Email: 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.