



AMP Monthly Income Fund No. 2

Quarterly Investment Option Update

30 September 2021

Aim and Strategy

To provide for a distribution rate of 0.75% 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

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	3 to 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	6.16
Australian Shares	44.77
Listed Property and Infrastructure	3.30
Australian Fixed Interest	33.77
Cash	12.01

Fund Performance

The Fund delivered a solid positive return over the September quarter. Performance of most asset classes was mixed, with markets starting off strongly then selling off in September, to only finish only slightly higher.

July and August saw share markets continue to move higher as a strong earnings season and dovish global central banks buoyed investor sentiment. However, growth and inflationary concerns late in the period saw most global share markets retrace earlier gains. Overall, the S&P/ASX 200 index ended up 1.7%, while the MSCI World ex Australia index closed 0.6% higher (in local currency terms). The financials, energy and utilities sectors outperformed. Listed real assets also started strong but gave up a portion of gains by quarter end as concerns about China increased. Defensive assets, such as bonds and credit continued to move sideways.

The Fund outperformed the neutral benchmark over the quarter, despite volatility in the latter half, due to strong stock selection within the Australian shares and fixed interest allocations. The Fund remains well ahead of the neutral benchmark over the year, again driven by strong relative performance of the Australian shares and fixed interest allocations.

Despite the increased volatility, we remain optimistic about the final quarter of 2021. With the global economy on the path to recovery, we continue to look favourably on shares relative to bonds. However, the impact of the pandemic during the northern hemisphere winter, as well as inflationary concerns and future tightening of monetary policy, has left markets susceptible to a short-term correction. Positioning-wise, we remain committed to holding an active, well-diversified exposure to both growth and defensive income-orientated assets to meet investment objectives.

Market Review

A complex macroeconomic and political backdrop characterised the September quarter, pulling markets in varying directions. Major themes included ongoing fears on the persistency of inflation, a focus shifting towards living with COVID-19 rather than persisting with lockdowns - particularly given much of the population has now had the opportunity to be vaccinated - and the mixed interpretation of central bank communications leading to continued speculation on the path towards 'normalisation' of monetary and fiscal policy. Geopolitics was also heavily in focus, as the US withdrew from Afghanistan, leading to a swift and unopposed takeover by the Taliban regime. China was also in the spotlight during the period, coming under criticism for adopting an apparent conciliatory tone towards the Taliban, in addition to its continued regulatory crackdown on technology and the property sector amid its continuing broader shift towards 'big government' policy. Later in the quarter, volatility rose in markets on heavily fluctuating commodity prices, as well as the news that major Chinese property developer, China Evergrande Group, had run into financial stress, with concerns that a failure to pay its debts could spread to global markets, given its significant size. This volatility was further exacerbated by concerns on the Biden administration's upcoming tax rises and an impending debt-ceiling in the US, with the risk of a government shutdown possible.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	GIO0002AU**
Flexible Lifetime - Investments (Series 2)	AMP1443AU**

**Closed to new and existing investors

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