

Future Directions High Growth

Quarterly Investment Option Update

30 September 2021

Aim and Strategy

To provide high returns over the long term through a diversified portfolio investing mostly in Australian and international shares with some exposure to infrastructure alternative assets and property. The portfolio aims to achieve a rate of return above inflation after costs over a 7-year period.

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	7 years
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International shares	43
Australian Shares	39
Growth Alternatives	10
Unlisted Property and Infrastructure	4
Listed Property and Infrastructure	3
Cash	1
Defensive Alternatives	0
International Fixed Interest	0
Australian Fixed Interest	0

Actual Allocation	%
International Shares	43.54
Australian Shares	39.76
Listed Property and Infrastructure	3.55
Unlisted Property and Infrastructure	3.03
Growth Alternatives	7.36
International Fixed Interest	2.61
Defensive Alternatives	0.01
Cash	0.15

Fund Performance

The Fund delivered a modest positive return over the September quarter. Performance was mixed for most asset classes, with markets starting off strongly then selling off in September. Overall, the Fund modestly outperformed the neutral benchmark but underperformed its CPI objective amid the market volatility.

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). Emerging market shares ended down 2.8% (in local currency terms) as increased regulations in China, as well as the potential default of large Chinese property developer, Evergrande, saw investors rotate out of the region. Listed real assets also started strong but gave up a portion of gains by quarter end as concerns about China increased. Unlisted real assets and private equity remained relatively stable, while defensive assets, such as bonds and credit continued to move sideways.

The Fund modestly outperformed the neutral benchmark over the quarter but remained ahead over the year. Sizeable allocations to Australian shares and listed real assets continued to produce strong relative performance. Allocations to absolute return strategies, such as hedge funds, also contributed positively. Outperformance in these asset classes was largely offset by weaker performance from underlying global share managers.

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.

Outlook

Despite increased volatility over the quarter, we remain optimistic for the rest 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. Maintaining an active, well-diversified asset exposure, in addition to a focus on the long term, should aid portfolio resilience and performance outcomes. We hold a broadly neutral position across most asset classes, with a minor preference for domestic shares instead of emerging market shares. The Fund continues to comprise primarily shares and listed real assets, while also holding a small exposure to alternatives for additional diversification.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1355AU*
AMP Flexible Super - Super	AMP1484AU*
CustomSuper	AMP0657AU
Flexible Lifetime - Allocated Pension	AMP0604AU*
Flexible Lifetime - Investments (Series 1)	AMP0692AU**
Flexible Lifetime - Investments (Series 2)	AMP1419AU**
Flexible Lifetime - Super	AMP0657AU*
Flexible Lifetime - Term Pension	AMP0927AU*
SignatureSuper	AMP0801AU
SignatureSuper - Allocated Pension	AMP1082AU
SignatureSuper Select	AMP0801AU

*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.