

AMP Active Balanced

Quarterly Investment Option Update

31 March 2022

Aim and Strategy

To provide primarily capital growth with some income after costs and before tax, above the strategy's performance benchmark on a rolling 3 year basis, by investing across a range of asset types, with high exposure to growth assets. The strategy aims to provide investors with exposure to a diversified range of Australian and international growth sources across asset classes including shares, Australian listed property trusts, and global listed property securities.

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

Asset Allocation	Benchmark (%)
Global shares	32
Australian shares	27
Australian fixed interest	15
Global fixed interest	10
Listed property	6
Listed infrastructure	5
Cash	5
Defensive alternatives	0
Growth alternatives	0

Actual Allocation	%
International Shares	31.27
Australian Shares	29.23
Listed Property and Infrastructure	11.53
International Fixed Interest	8.43
Australian Fixed Interest	14.48
Cash	5.05

Fund Performance

The Option endured a highly volatile start to 2022, generating a negative return in the March quarter. Concerns over the Russian invasion of Ukraine, higher commodity prices and a potential acceleration in interest rate hikes to combat inflation weighed on both equity and bond markets. Overall, the Option slightly outperformed the neutral benchmark as positions in Australian equities and unlisted real assets helped mitigate the impact of broad market drawdowns. Despite near-term volatility, longer term performance remains in line with expectations over most key time horizons.

With Russia a major energy and commodity producer, the conflict in the Ukraine pushed prices to extreme levels, exacerbating an already stretched global supply chain and surging inflationary environment. Global developed equity markets reacted negatively to this over the quarter, finishing -4.8% lower. Emerging market equities also struggled as concerns emanating from China amid a surge of Omicron cases compounded broader geopolitical concerns. Australian equities recovered towards quarter end to finish up 2.2% as higher commodity prices and a sound economic backdrop boosted returns. Listed real assets were mixed, with infrastructure outperforming property given the correlation to commodity and oil prices. Within the Option, Australian equity and international share exposures performed broadly in line with markets with the overweight position to Australian equities also proving a strong contributor to overall performance. Exposures to inflationary driven sectors such as listed infrastructure also added value in this environment.

In fixed income markets, government bonds and investment grade credit struggled as central banks became more hawkish, increasing cash rates in an attempt to manage persistent inflationary pressures. Underlying fixed income manager performance was weaker, as both domestic positions and international allocations drifted lower against benchmark. This was partially offset by small underweight allocations to the sectors – minimising negative returns on overall Option performance. Unlisted assets, particularly private equity, remained relatively stable amid market volatility, generating a positive return over the quarter. Absolute returns strategies were more mixed, as volatility and rate movements presented a challenging environment for some underlying managers.

Looking ahead, markets are likely to see continued volatility as the Ukraine crisis, inflation, monetary tightening and COVID-19 all remain significant risks. Despite the potential for short-term fluctuations, economic growth and profit margins remain relatively healthy. Given this, we remain cautiously optimistic for equity markets on a selective basis. Bond exposures, however, are likely to see continued pressure as yields move higher. In this environment, we continue to maintain an active, well-diversified asset exposure. We believe members should remain resilient and retain a focus on the long-term outcomes of the Fund and avoid being dictated by short-term corrections, particularly given likelihood of volatility over the coming 6-12 months.

Availability

Product Name	APIR
SignatureSuper	AMP1936AU*
SignatureSuper - Allocated Pension	AMP1985AU*

*Closed to new investors

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What you need to know

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