

AMP Capital Balanced Growth

Quarterly Investment Option Update

31 December 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 this product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	5 years
Standard Risk Measure	6/High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Global Shares	32
Australian Shares	28
Fixed Income	20
Cash	8
Infrastructure	6
Property	6
Alternatives	0

Actual Allocation	%
International Shares	30.34
Australian Shares	28.35
Listed Property and Infrastructure	9.31
International Fixed Interest	8.03
Australian Fixed Interest	12.00
Cash	11.97

Fund Performance

After a difficult year in markets, the final quarter of 2022 brought some relief for investors. Positive returns across most asset classes saw the investment option end the year on an encouraging note after being constrained by higher inflation, rising interest rates and global growth concerns for most of 2022. Overall, the Fund performed behind of the neutral benchmark, but longer-term performance remains in line with expectations over most key time horizons.

There was some respite across most major markets in the December quarter, as inflationary and interest rate pressures showed some signs of easing in October and November. In this environment equity markets were a standout, as global developed markets recovered 7.4% during the period. Emerging market equities also saw strong gains, ending the period 6.5% higher, driven by a sharp recovery in Chinese equities. Domestically, Australian shares also generating positive returns with mining and banking sectors boosting overall performance. Similarly, listed real assets performed in line with broader equities, as interest rate hikes from central banks began to show some signs of slowing, encouraging positive sentiment.

In fixed income markets, Bond and credit allocations eked out a modest positive return after falling for most of the year. Underlying fixed income manager performance was ahead of benchmark, with Australian and international fixed income positions outperforming. Unlisted real assets remained relatively stable over the period, with direct property and direct infrastructure contributing positively. Private equity allocations detracted as devaluations on several investments weighed on returns. Absolute returns strategies in the Option were mixed and underperformed listed markets. They continue, however, to be an important source of diversification in periods of volatility as we have seen throughout the year.

Asset allocation decisions as a whole did limit relative performance versus benchmark over the period, as small overweights to cash at the expense listed equity markets impacted relative performance as equity markets recovered early in the quarter.

As we move into 2023, the impacts of higher inflation and interest rates, as well as geopolitical concerns, remain a constant threat. However, with expectations of a recession largely priced into global markets and signals of inflationary and interest rate pressures beginning to level out, we remain cautiously optimistic on a 12-24 month basis. We believe maintaining an active, well-diversified asset exposure, in addition to remaining focused on the longer-term, should aid portfolio returns.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0013AU**
Flexible Lifetime - Investments (Series 2)	AMP1391AU**

**Closed to new and existing investors

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