

Balanced Index

Quarterly Investment Option Update

31 March 2023

Aim and Strategy

The strategy aims to closely match the index returns of the asset classes in which it invests (before fees and taxes). It has a bias towards growth assets (shares and property) but also holds defensive assets (cash and bonds). Exposure to individual asset classes will be attained through the use of low cost, index-focused investment managers. Global shares may be partially or fully hedged back to Australian dollars.

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	Index
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Shares	26
Global Shares	31
Property	8
Infrastructure	6
Alternatives	6
Fixed Interest	16
Cash	7

Actual Allocation	%
Global Shares	32.38
Australian Shares	26.27
Listed Property and Infrastructure	13.82
Growth Alternatives	5.55
Global Fixed Interest	7.20
Australian Fixed Interest	8.69
Cash	6.09

Fund Performance

The Fund produced a strong positive return for the March quarter, as markets climbed higher.

Market Review

The earlier half of the March quarter saw growth markets generally gain ground as inflation, while still high, continued to exhibit signs of falling, fanning expectations the US Federal Reserve (Fed), along with other central banks, would soon ease hawkish monetary policy. In mid-February however, US CPI inflation was shown to have reduced only slightly, disappointing traders betting on a larger fall. This was followed by continued hawkish comments from the Fed, which dampened market sentiment somewhat. Data released in March, however, subsequently showed a further fall in US inflation.

The more unexpected story of the quarter however came in mid-March, as relatively unknown regional US banks, Silicon Valley, Signature and Silvergate collapsed amid a run on deposits. These banks weren't able to meet withdrawal demand, as long-dated treasuries held as capital had lost significant value over the previous year amid rising yields. The Fed promptly stepped in, providing around US\$300 billion in extra credit to help ensure other banks could continue to meet funding requirements. Other major central banks also announced measures to add liquidity and guard against contagion.

Focus turned to Swiss banking stalwart Credit Suisse, which after large outflows via mass withdrawals, particularly in recent months, became financially unviable. This culminated with the bank being taken over by local peer UBS at a heavily discounted price.

Outlook

In regard to equity markets, after many months of rate rises from central banks, signs are emerging more broadly that global inflation has indeed topped out and a recession appears quite likely, though not guaranteed. In any case, for long-term investors, this generally shouldn't be a concern, as these conditions are part of the normal economic cycle. While the environment may toughen for companies, stronger businesses will likely emerge with increased market dominance. Furthermore, share prices tend to lead the economic cycle, rather than be synchronised to it.

In relation to bond markets, Inflation, the path of interest rate movements and recession are likely to continue to be the dominant themes driving bond markets over the medium-term. After long, drawn-out falls in bond prices in recent years, yields now have reverted to more attractive valuation levels. We therefore believe there is scope for improved returns from the asset class over the shorter to medium-term.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP1050AU**
Flexible Lifetime - Investments (Series 2)	AMP1390AU**
SignatureSuper	AMP0784AU
SignatureSuper - Allocated Pension	AMP1137AU
SignatureSuper Term Pension	AMP1137AU*

*Closed to new investors

**Closed to new and existing investors

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