The Fund aims to provide smooth and steady returns by investing in a portfolio of assets spread across different classes, sectors and geographies.

The Fund is actively managed and has the ability to change the portfolio's asset mix in order to navigate the ups and downs of the investment cycle. It also uses risk management strategies to help protect savings from market falls which is important for investors who will be drawing down on their savings to fund their retirement.

**Lower-cost investment solution**

**Fund your living expenses in retirement**

**Built and managed with retirement in mind**

**Help protect your retirement savings from market falls**

# This month in brief

## Positioning

The Fund is designed to exhibit desirable post-retirement traits, such as income, franking credits, inflation protection, and limited capital losses. Most importantly, the Fund aims to increase the longevity of investors' savings by delivering strong returns while managing these risks.

Over the quarter the Fund entered two-cost effective defensive options strategies designed to limit downside losses in equities, the first being in US equities (S&P 500 Index), and the second in Chinese equities (HSCEI Index). The Fund also increased its non-Australian dollar FX exposure to also protect against further equity weakness.

The Fund increased its allocation to global energy stocks (via ETF "IXC-US"). This tactical tilt:

> Provides an effective inflation hedge should global synchronised growth start to push capacity limits. (Protecting against inflation risk for post-retirement forms part of the Fund's goals-orientated strategy)

> Provides potential upside given rising geopolitical risk (particularly in respect to the US administration's stance on Iran and the potential for a US-China trade war)

> Is undervalued and ranks highly in our dynamic asset allocation (DAA) sector ranking process

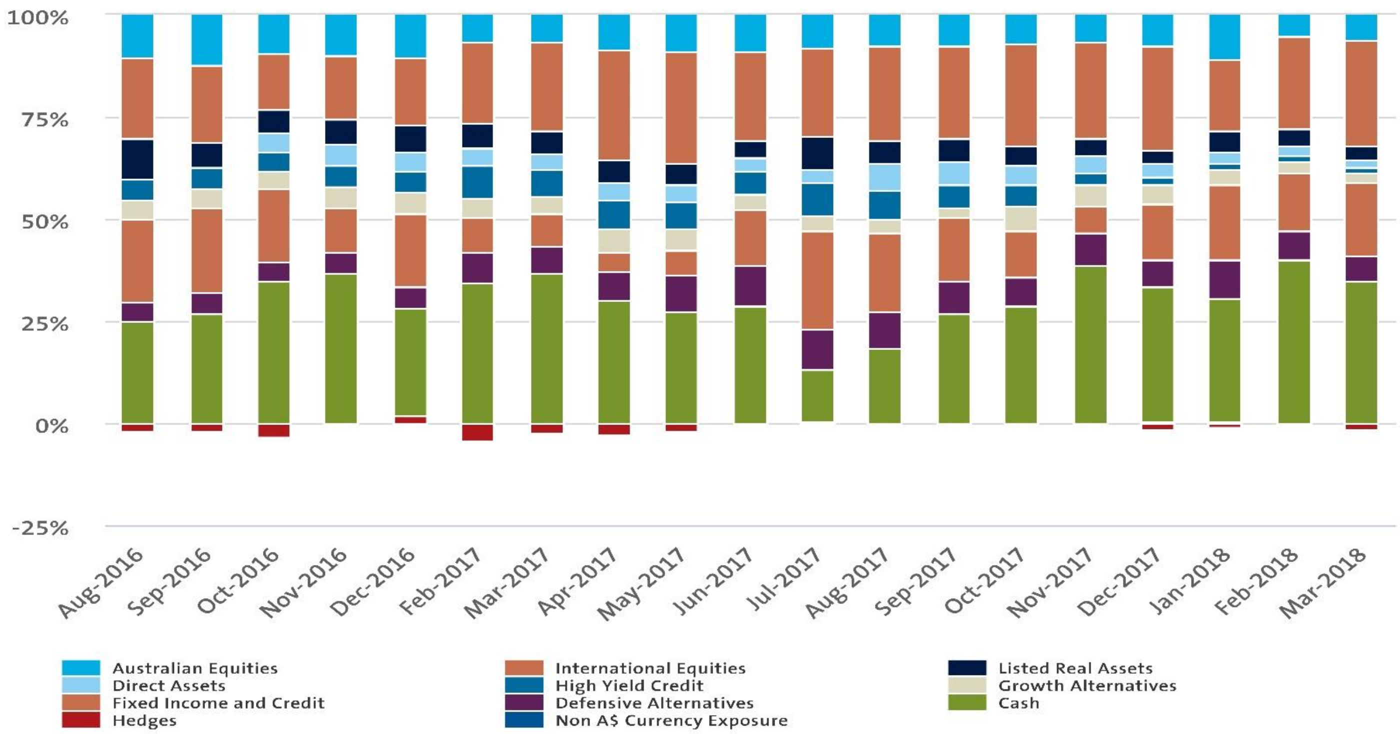
We continue to position for a reflationary environment with tilts to sectors likely to benefit in this environment, such as banks and energy, and minimal exposure to overpriced 'bond proxy' sectors such as listed property. The Fund has also been positioned for a synchronised increase in global growth with tilts to Europe and Japan, but this has been moderated recently given the outlook below.

## Outlook

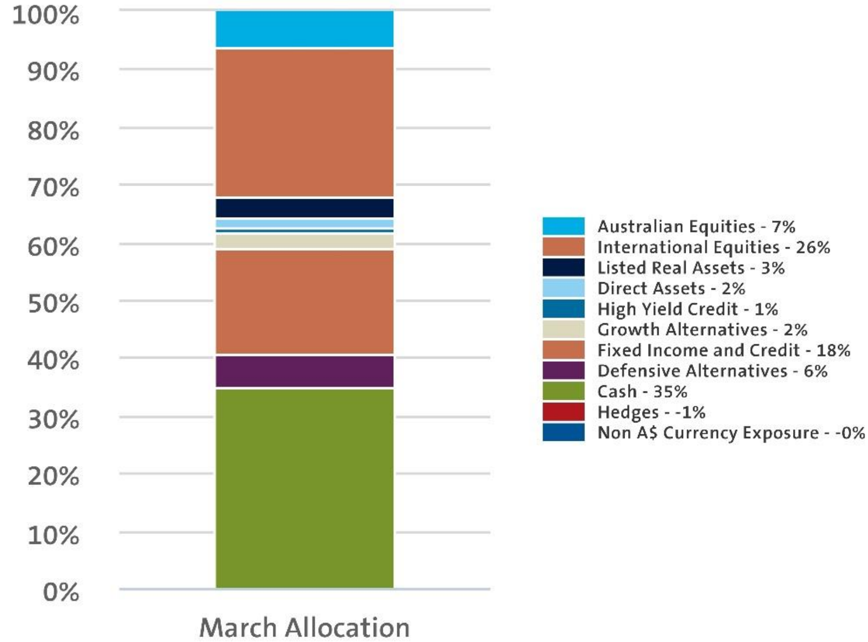
The past quarter marked the return of volatility to equity markets. The acceleration of earnings growth expectations, market prices and investor confidence in late 2017 and into January 2018 led our DAA process to indicate markets were due for a correction. Following our process, we reduced risk and increased hedges, which left the Fund very well positioned to withstand the February and March volatility.

As the quarter continued the weakness in equities, that we thought at first was just a correction in over-bought markets, has now morphed into more serious concerns. Geopolitical tensions spiked over the quarter, along with a slight slowdown in earnings growth acceleration and weaker consumption data; all compounded by the overhanging cloud of continued monetary normalisation. Until we gain improved visibility around these various risks we will continue to reduce risk to protect retirees' capital. The forecast volatility within the Fund throughout 2017 was circa 5.5% pa, but at present is being forecast around 4.5%.

## Flexible allocations to navigate market movements




## A mix of assets to manage risk




## Here's how the fund performed

| | 1mth % | 3mth % | 1yr % | 2yr % | 3yr % | 5yr % | Since Inception %* |
|---|---|---|---|---|---|---|---|
| **Total return (before fees & incl. franking credits)** | -0.29 | 0.42 | 6.72 | n/a | n/a | n/a | 7.07 |
| **CPI + 3.5% (gross of fee objective)** | 0.50 | 1.50 | 5.66 | n/a | n/a | n/a | 5.75 |
| **Excess return above objective** | -0.79 | -1.08 | 1.06 | n/a | n/a | n/a | 1.32 |
| **Total return (after fees & incl. franking credits)** | -0.35 | 0.25 | 5.99 | n/a | n/a | n/a | 6.38 |

* **Past performance is not a reliable indicator of future performance.** The inception date for unit Class A is 21 July 2016. Performance is annualised for periods greater than one year. Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after Class A fees and costs, and assume all distributions are reinvested.

| FUND DETAILS | |
|---|---|
| Inception date | 21 July 2016 |
| Fund size | $89.92 million |
| Distribution frequency | Quarterly |
| APIR code | AMP3254AU |
| Suggested minimum investment timeframe | 5 Years |
| Investment objective | The Fund aims to deliver returns of the Consumer Price Index (CPI) +3.5% before fees, including franking credits over rolling 5-year periods. |

*Inflation means the Reserve Bank of Australia inflation rate (Consumer Price Index) – trimmed mean (published on rba.gov.au).

**DARREN BEESLEY**
Portfolio Manager

Darren has responsibility for a range of diversified funds including retirement and life portfolios. He also contributes to research, portfolio construction and asset allocation across the group's broader set of multi-asset funds. He is qualified as a fellow of the Institute of Actuaries of Australia (FIAA) and sits on the Actuaries Institute Retirement Income Working Group. He completed a Commerce Degree at UNSW majoring in finance and actuarial studies, and was awarded the UNSW Co-op Scholarship in actuarial studies.

## CONTACT DETAILS

For more information on the Fund including fees, product features, benefits and risks, talk to your adviser or call us on 1800 658 404 or visit ampcapital.com.au