



AMP MySuper Capital Stable

Quarterly Investment Option Update

30 June 2025

Aim and Strategy

The strategy aims to achieve a rate of return of 2.75% pa above the inflation rate (measured by the Consumer Price Index), after investment fees, costs and superannuation tax, over a 10-year timeframe. Returns from both capital growth and income are provided through a diversified portfolio.

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	4 years
Standard Risk Measure	6/High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)	Actual (%)
Fixed Income and Cash	41	37
Global Shares	26	28
Australian Shares	22	22
Infrastructure	6	7
Property	5	6
Alternatives	0	0
Currency Overlay	NA	0

*Allocation data may not add to 100% due to rounding.

Fund Performance

Markets commenced the second quarter with heightened volatility, catalysed by the 'Liberation Day' tariffs announcement by the US President in early April. Despite initial uncertainty, investor sentiment improved markedly by quarter end as much of the concerns were either delayed or proved less material than feared. This resulted in a strong quarter and double-digit FY25 return for Capital Stable option members.

The Option's sizeable defensive assets allocation performed well as, domestic and global bond markets rallied while inflationary pressures continued to ease. Credit spreads remained tight, reflecting investor confidence in corporate fundamentals. Unlisted real assets were broadly stable amid minimal valuation adjustments, while private equity positions were slightly lower for the period.

The postponement of tariff implementation by the US until August, intended to allow economies time to strike a deal with the Trump Administration, triggered a quick rebound across global shares towards the end of April. The positive momentum continued for the remainder of the quarter, amid moderating inflation and dovish central bank commentary. By quarter end, developed and emerging markets had advanced 9.5% and 7.9% respectively (in local currency terms). Australian shares mirrored this strength, rising 9.5% for the period.

Against this backdrop, the Option outperformed its CPI objective over the quarter, primarily driven by sizeable allocations to domestic and global equities. Growth assets were the predominant contributors to performance for the financial year, with global equities the largest driver of outperformance. Longer-term performance has also improved as inflation has moderated from its peak.

Looking ahead, investors remain focused on potential shifts in central bank policy, US trade policy and ongoing geopolitical risks. While volatility is expected to remain elevated, declining inflation and the prospect of further rate cuts may support risk assets into the second half of 2025. Maintaining diversification and a long-term investment focus is likely to help members navigate short-term market fluctuations, while remaining aligned with strategic objectives.

Market Review

US tariff changes were the dominant theme of the June quarter, with global trade placed into heightened uncertainty due to significant increases to tariff rates on goods imported to the US. While more permanent tariff agreements are yet to be announced, these changes raised US\$27 billion in customs duties in the month of June alone, a US\$19 billion increase relative to June 2024, thanks to the current temporary baseline of 10% reciprocal tariffs for most imports, with higher sectoral tariffs such as a 50% duty on steel and aluminium aiding the surge in revenue. Whilst sharemarkets were rattled in early April by the "Liberation Day" tariff announcements, major market indices recovered by quarter's end to new all-time highs, as Trump delayed the implementation of prohibitively high tariff rates, pivoting to trade deals, while hard economic data didn't deteriorate materially, as some had anticipated to happen quickly. While trade conflicts can undoubtedly negatively impact inflation, diplomatic relations and jobs, it's also worth considering potential positives the ongoing additional revenue could bring, for example tax cuts, debt reduction or major infrastructure projects that can boost economic growth, all of which have been flagged by the US administration. Finally, the "One Big Beautiful Bill", which passed in early July, added additional concerns over US debt levels and the interplay between the new tariff revenue.

Global economic growth meanwhile remained steady, with US growth continuing to outperform the Eurozone, as higher energy prices have particularly impacted Germany's economy. China showed signs of improvement as its government delivered more fiscal stimulus, though the outlook remains murky amid continuing deflation, property price falls, and US trade uncertainty. On the positive side, global inflation continued to ease, with many countries now within their target inflation bands, while most central banks generally continued to cut rates to aid economic expansion. Thus, the 'soft-landing' scenario appeared to continue to play out, albeit with some significant geopolitical bumps along the way.

The quarter also saw military conflict escalate in the Middle East, with Israel attacking Iran's nuclear and other military infrastructure, ultimately leading to the US stepping in to strike the Iranian nuclear sites with more powerful

'bunker busting' weapons. While this unsurprisingly led to further volatility in the oil price, as at quarter-end the conflict's overall impact on the global economy and markets was reasonably contained. War in Ukraine also waged on, with ongoing heavy losses for both sides and no sign of any meaningful diplomatic breakthrough, although both sides made statements signalling (arguably) increased openness to direct peace talks.

Availability

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