AMP MySuper

A lifecycle investment solution

Issued
December 2023

All fund returns are quoted post fees and taxes

Contents

Message from your fund manager

At the close of 2023, in surveying the year that was, we think back to where and how it began; and in so doing, one cannot help but observe how different its two bookends are. The year began with investors facing a wall of worries – rising interest rates, inflation pressures, market volatility, geopolitical risk and, the big one, the threat of recession. The year though ended without that widely predicted recession materialising. There was however economic resilience in the face of tighter conditions, talk of interest rates going down and markets surging as a result.

Against this more optimistic backdrop, markets powered through the year-end finish line, to cap off what turned out to be a much stronger year than many expected. Global equities were up 8% for the month of November then 4% in December, contributing to a 23% return for the calendar year. The Australian market was similarly buoyant in the closing stages of the year, adding 5% in November and 7% in December, though its annual return of 12% lagged offshore counterparts. Even many unloved sectors, those that struggled in the early part of the year, finished strongly. For example, emerging markets added 6% for the December quarter (10% annual) and global listed real estate was up 14% for the December quarter (9% annual).

In the context of rising rates and still-high inflation, it was naturally a more challenging year for fixed income. By mid-way through the final quarter, yields on 10-year government bonds had climbed to levels in the order of 150 bps higher than where they opened the year, in both Australia and the US. Though yields later retraced, this illustrates what a tough and volatile 12 months it has been for fixed income. Composite bond indices (i.e., accounting for both government and corporate bonds) only managed returns of around 5% for the year. It was a similar story for unlisted assets such as direct property and infrastructure which, constrained by the valuation effect of high bond yields, could not keep pace with the rally in listed equity markets.

All in all, we are delighted to report a strong year for AMP's MySuper Lifecycle Options. Calendar year returns ranged from high single digits in the lower risk options, to solid double digits for our younger members. While the largest contribution to overall returns came, unsurprisingly, from investments in global and Australian equities, we were pleased to see a breadth of asset types contributing positively to this performance. All asset classes in the MySuper Lifecycle Options delivered positive returns for the year, with the exceptions of listed infrastructure and direct property, which are relatively small exposures.

As we enter 2024 and look to the year ahead, we see that the wall of worries referred to at the outset continues to cast a shadow. It has evolved from the one that confronted investors a year ago, but its contours are broadly similar. Though interest rates have likely peaked, they remain high and their full effect continues to play out. Similarly, inflation, though receding, remains elevated. Geopolitics is an ever-present 'X factor', and the risk of recession is also still on the table.

While some of these factors, such as the prospect of lower interest rates, make for an improved outlook, others may serve to dampen returns and add to volatility this year. While we cannot know how 2024 will ultimately play out, we do know we have done everything we can to ensure our portfolios are prepared, come what may. As ever, diversification – by asset type, strategy and investment manager – is at the heart of our strategy. This helped the AMP MySuper Lifecycle Options succeed in 2023 and we are confident it will continue to steer them well through 2024 and beyond.

Anna Shelley
Chief Investment Officer

What happened in Markets?

Global

The December quarter began with falling financial markets on the back of continued difficult economic conditions. News-flow then promptly gave way to geopolitics, as Israel suffered a mass-scale terrorist attack at the hands of Gaza-based terrorist group, Hamas. Unsurprisingly, this resulted in a swift declaration of war on Hamas, which has sadly led to significant further bloodshed of innocent civilians in and around the Gaza strip. Implications for the global economy were generally not significant over the remainder of the quarter, although threats of further escalation saw a notably increased naval presence to the Mediterranean.

Mid-quarter saw sentiment turn strongly positive, with stocks surging higher and bond yields falling significantly as global inflation resumed its downtrend, economic growth remained positive, and US economic productivity showed significant improvement. Accordingly, most central banks remained on pause with rate-rises. There were also positive developments on the geopolitical front, with US and Chinese Presidents Biden and Xi meeting face to face in California, signalling a will to improve dialogue between the nations.

Markets rallied further throughout December across most regions and asset classes, as falling inflation, particularly in Europe and the US, led to increased expectations of rate cuts in 2024 and the "higher for longer" prognosis beginning to unwind.

Australia

The Australian economic cycle remains slightly behind the curve relative to global markets, with inflation data released during the December quarter being slightly higher, as Australia also lagged the inflation and monetary cycles on the way up. A prime concern remains consumers' very low levels of real disposable income, as a small amount of wage growth has been far outpaced by inflation and tax bracket creep, leading to a 'per-capita recession'. The share of household income devoted to mortgage payments and tax payments, for example, moved to record highs during the quarter. Unemployment has also continued to increase and ended the year around 0.5% higher than the trough in December 2022.

After raising the cash rate by 0.25% in early November, the RBA meanwhile left rates on hold at 4.35% in its December meeting and commentary remained reasonably hawkish.

The period also saw the release of the Federal Government's Mid-Year Economic and Fiscal Outlook (MYEFO), which came with significant downwards-revision to budget deficit projection, reflecting stronger revenue and some modest spending savings, with a surplus possible for the financial year. While there were no significant spending announcements, structural pressures on spending remain for the years ahead and are expected to steadily push spending up as a share of GDP.

International shares

After a poor December quarter, the December quarter was one of the strongest seen in recent years for international equities, with major developed markets up by almost 10%. (Returns were around 5.3% in Australian dollar terms due to a stronger Australian dollar). The main driver was significant further falls in inflation, particularly in the US and Europe where it is now finally nearing target levels, combined with some positive economic indicators and reasonable growth. With regard to the path of interest rates, by the end of the quarter, the market appeared to have shifted away from the 'higher for longer' thesis, to now expecting several rate cuts by the US Federal Reserve (Fed) in the months ahead. Interestingly, while technology stocks were responsible for the majority of the markets' gains through 2023, the fourth quarter rally was more broad-based, with most sectors lifted by the rising tide of optimism.

Emerging market equities also rose very strongly, though underperformed developed markets largely due to falling Chinese shares amid continued growth concerns, deflation and lacklustre manufacturing readings. Further Chinese government stimulus remains likely. South American markets meanwhile were particularly strong, with central banks in the region more dovish than their developed peers.

Outlook

Interest rates around the world are largely accepted as being at their cyclical peak, on the back of significantly decreased levels of inflation. Economic growth remains low, but generally positive. The corporate environment remains tough, though strong businesses, as always, will likely move forward with increased market dominance. We believe a diverse basket of businesses bought at reasonable prices, particularly those with strong competitive advantage that generate high amounts of cash from their shareholders' capital, will serve investors well over the long-term.

Australian shares

Driven by a surge in global equities on the back of normalising inflation levels in Europe and the US, Australian shares finished the December quarter up by 8.4%, as measured by the ASX200 total return index. Market sentiment took a pronounced positive turn mid-quarter, as Australian equities began to price in a global soft-landing scenario, along with expectations for falling global interest rates in the coming months. This was despite continued weak domestic economic indicators, such as low levels of disposable income, poor consumer confidence, negative economic growth per-capita and moderately rising unemployment.

Outlook

Corporate earnings in Australia remain reasonable, though should be considered in real terms, given ongoing inflation. Businesses remain focussed on cost pressures, which are generally being passed onto customers. While the economic climate remains difficult, the stability of Australian earnings and dividends over the long-term, and their ability to generate a growing, tax effective income stream should be kept in mind. Over the long-term, we believe Australian shares will continue to rise, with volatility being necessary to provide opportunities for greater returns.

International bonds

The December quarter was characterised by two distinct phases within global bond markets. In October, bonds were facing the prospect of another year of negative returns as strong economic momentum continued, leading to further, but more measured hawkish sentiment from developed central banks. This environment pushed bond prices lower and yields higher. However, encouraged by progress being made to bring inflation closer to target levels, the US Federal Reserve made a dovish pivot in November, leading to a sustained rally for the remainder of the quarter in fixed income markets.

In line with the rally in most risk assets, corporate bond spreads tightened by 21bps, with much of the movement occurring in November and December, bringing them back to levels not seen since the early stages of the Fed tightening cycle in 2022. Corporate balance sheets remained relatively strong, despite continued concerns about further increases in default rates and downgrades. Global bonds, as measured by the Bloomberg Global Aggregate Index ($A hedged), returned 5.4% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned 6.9%% and 7.1% respectively, as measured by the Bloomberg Global Aggregate Corporate Index ($A hedged) and Bloomberg Global High Yield Index ($A hedged).

Outlook

Global bond markets are likely to continue to focus on predicted paths for US interest rates. Large drawdowns in recent years, resulting in bonds available at significantly cheaper prices, lead us to believe returns going forward will likely be reasonable; perhaps around running yield or a little more, as inflation slows, and central banks cut rates. Furthermore, bonds may serve as a diversifier to growth assets in the event of further economic slowdown.

Australian bonds

Australian bond yields again mirrored movements of global peers over the December quarter, however lagged in terms of performance. Australia was unable to fully participate in the global bond rally, with stubbornly high local inflation compelling the RBA to lift the cash rate in November 2023. Despite the rate hike during the period, given the correlation of Australian yields to US yields, the Australian 10-year yield fell 0.53%, to end at 3.96%, while the 2-year yield fell 0.37%, to end at 3.71%.

Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) Index, returned 4.04% over the period, while the AusBond Credit index returned 3.18% in Australian dollar terms. The Inflation-linked market, as measured by the Bloomberg AusBond Inflation Government (All Maturities) Index, delivered a return of -6.27% over the same timeframe, given real yields fell over the period.

Outlook

Like their global counterparts, Australian bond valuations have improved significantly and have moved closer to fair valuation levels as yields have risen. We therefore believe forward-looking returns are now significantly more compelling than in recent history.

Cash

After raising rates by 0.25% in November, the RBA left the cash rate on hold at 4.35% in its December meeting, noting recent data had been consistent with expectations. The central bank retained its 'softened tightening-bias' issued after the November meeting, reiterating that any further hikes would depend on data and its evolving assessment of risks. Commentary from the Governor remained generally hawkish through to December quarter-end. In domestic money markets meanwhile, bank bill swap rates closed the quarter at approximately 4.3% for three months (up from 4.1%) and 4.4% for six months (flat).

AMP MySuper 1990s

The 1990s investor

AMP MySuper 1990s is for younger Australians, some of whom will have just entered the workforce. As these members are at the beginning of their working life, their investment horizon is very long term. Their focus is on aggressively growing their superannuation portfolio.

The best way for them to do this is by investing in asset classes that are expected to generate the highest returns. This is why AMP MySuper 1990s invests primarily in shares, also with exposure to property and alternative assets such as private equity and infrastructure. Of course, higher returns also means greater risk, but this makes sense for younger members. Because retirement is decades away for these members, they have more time to weather the ups and downs of the market and recover from any market losses while still building wealth over the long term.

Fund objective

AMP MySuper 1990s aims to achieve an average rate of return above the Consumer Price Index of 3.5% pa, after fees and superannuation tax, over a 10 year period.

Investor profile

- **Standard risk measure:** 6/High
- **Suggested minimum investment timeframe:** 10 years

Performance

The AMP MySuper 1990s Fund returned 4.9% for the December quarter.

Quarter Highlights

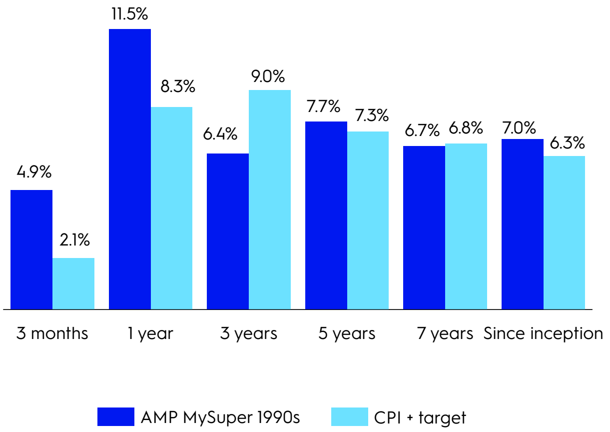
As was the theme for most of the year, 2023 ended on a positive note with both share and bond markets generating strong returns as inflation fell and markets anticipated lower interest rates. This translated well for both the Q4 and 1-year return of the 1990s Option, which generated a double digit return for the year.

Given the inherent focus on capital growth, the Option excelled in this environment largely thanks to its sizeable exposure to shares. Both domestic and international share exposures proved to be the key driver of returns, as the market rallied on positive sentiment after the Fed reflected on inflation slowing faster than anticipated and stronger than expected economic growth following continued resilience in the global economy. Active stock selection across equity allocations was mixed, resulting in underperformance relative to respective benchmarks. Unlisted real asset and alternatives exposures, such as hedge funds and private equity, were somewhat constrained over the quarter amid weaker valuations, particularly when compared to share markets.

The Option outperformed its CPI objective over the quarter and is ahead over 1-year following strong gains in share markets and inflation levels tapering off. Over the long-term, whilst relative performance has improved, it remains mixed following volatile markets and above-normal inflationary conditions in recent years.

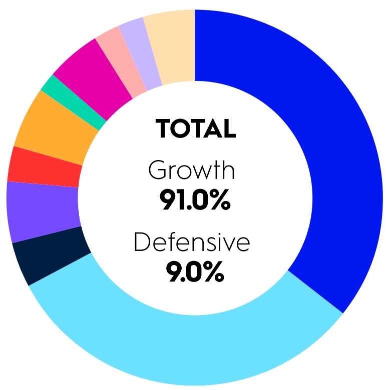
Looking ahead, we anticipate 2024 to be a broadly positive year for markets, helped by peaking and eventually falling interest rates - but it is not without risks. The timing of interest rate cuts remains uncertain as central banks continue to monitor the economy and inflation, with a considerable risk to markets that rate cuts may come later than expected. Recessionary risks also remain, given tighter lending standards and stalling consumer spending globally. In this environment, we remain highly diversified across asset classes and strategies, and have shifted to a broadly neutral position across most asset classes, limiting active risk across the portfolio.

Performance



Inception date is 2 January 2014. Performance as at 31 December 2023.
Returns net of Investment fees, admin fees, and superannuation tax.

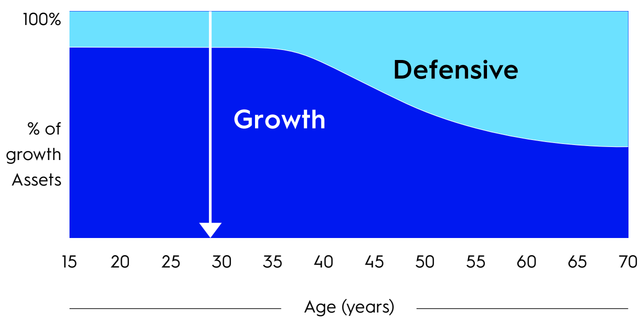
Asset allocation



- Australian equities **35.7%**
- International equities **31.7%**
- Emerging markets equities **4.0%**
- Listed property **5.3%**
- Listed infrastructure **3.0%**
- Direct property/infrastructure **5.2%**
- Opportunistic credit **1.7%**
- Private equity **4.7%**
- Alternatives **2.2%**
- Australian bonds **0.0%**
- International bonds **0.0%**
- International investment grade credit **0.0%**
- Diversified credit **2.4%**
- Cash **4.2%**

Current asset allocation and top holdings as at 31 December 2023.

Glide path



Top holdings

Australian equities	Weight (%)	International equities	Weight (%)
BHP Group Ltd	3.3%	Microsoft Corp	1.4%
CSL Ltd	2.4%	Apple Inc	1.3%
Commonwealth Bank of Australia	2.0%	Alphabet Inc	0.9%
National Australia Bank Ltd	1.3%	Amazon Com Inc	0.7%
Woodside Energy Group Ltd	1.0%	NVIDIA Corp	0.7%

AMP MySuper 1980s

The 1980s investor

Members in AMP MySuper 1980s are aged in their thirties. As such, they still have the majority of their working life ahead of them. Their priority is rapid accumulation of assets in order to build a base from which superannuation wealth can grow.

This priority means investing in higher return asset classes. Higher returns mean more rapid growth in portfolio value. AMP MySuper 1980s invests primarily in shares, also with exposure to property and alternative assets such as private equity and infrastructure. This is a higher risk strategy, but is appropriate for members born in the 1980s. As it is a long time before they will retire, these members have more time to recover from any market declines and can afford to take on a high degree of risk while working towards their accumulation objective.

Fund objective

AMP MySuper 1980s aims to achieve an average rate of return above the Consumer Price Index of 3.5% pa, after fees and superannuation tax, over a 10 year period.

Investor profile

- **Standard risk measure:** 6/High
- **Suggested minimum investment timeframe:** 10 years

Performance

The AMP MySuper 1980s Fund returned 4.7% for the December quarter.

Quarter Highlights

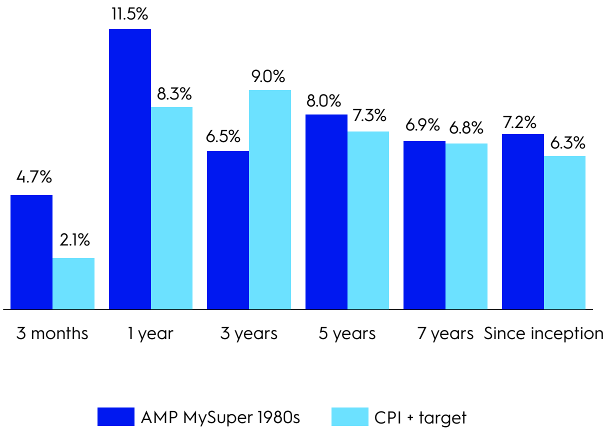
As was the theme for most of the year, 2023 ended on a positive note with both share and bond markets generating strong returns as inflation fell and markets anticipated lower interest rates. This translated well for both the Q4 and 1-year return of the 1980s Option, which generated a double digit return for the year.

Given the inherent focus on capital growth, the Option excelled in this environment largely thanks to its sizeable exposure to shares. Both domestic and international share exposures proved to be the key driver of returns, as the market rallied on positive sentiment after the Fed reflected on inflation slowing faster than anticipated and stronger than expected economic growth following continued resilience in the global economy. Active stock selection across equity allocations was mixed, resulting in underperformance relative to respective benchmarks. Unlisted real asset and alternatives exposures, such as hedge funds and private equity, were somewhat constrained over the quarter amid weaker valuations, particularly when compared to share markets.

The Option outperformed its CPI objective over the quarter and is ahead over 1-year following strong gains in share markets and inflation levels tapering off. Over the long-term, whilst relative performance has improved, it remains mixed following volatile markets and above-normal inflationary conditions in recent years.

Looking ahead, we anticipate 2024 to be a broadly positive year for markets, helped by peaking and eventually falling interest rates - but it is not without risks. The timing of interest rate cuts remains uncertain as central banks continue to monitor the economy and inflation, with a considerable risk to markets that rate cuts may come later than expected. Recessionary risks also remain, given tighter lending standards and stalling consumer spending globally. In this environment, we remain highly diversified across asset classes and strategies, and have shifted to a broadly neutral position across most asset classes, limiting active risk across the portfolio.

Performance



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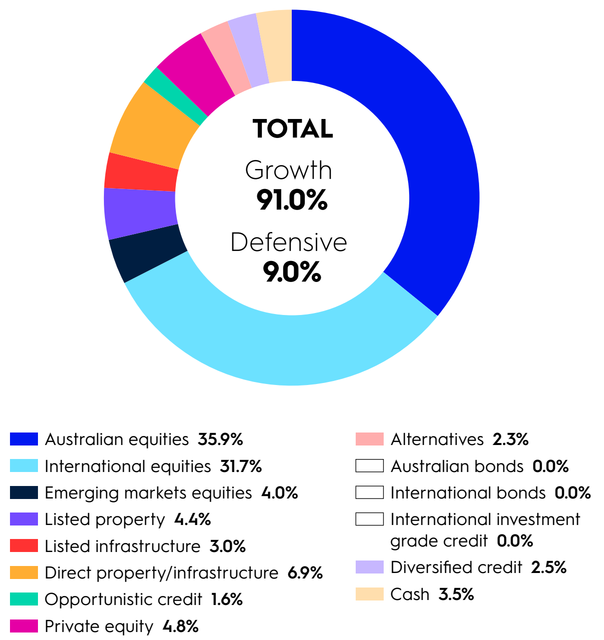
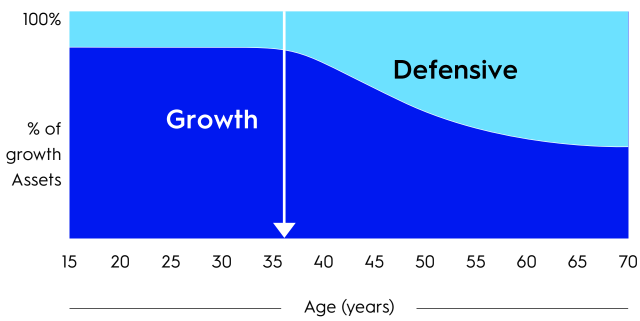
Asset allocation



Current asset allocation and top holdings as at 31 December 2023.

Glide path



Top holdings

Australian equities	Weight (%)	International equities	Weight (%)
BHP Group Ltd	3.3%	Microsoft Corp	1.4%
CSL Ltd	2.4%	Apple Inc	1.2%
Commonwealth Bank of Australia	2.0%	Alphabet Inc	0.9%
National Australia Bank Ltd	1.3%	Amazon Com Inc	0.7%
Woodside Energy Group Ltd	1.0%	NVIDIA Corp	0.7%

AMP MySuper 1970s

The 1970s investor

Though firmly established in their careers with a decade or two of work experience, members of AMP MySuper 1970s still have a substantial portion of their working life ahead of them. Retirement remains in the distant future, so the primary goal remains growth and expansion of their growing superannuation portfolio.

This goal translates to a mix of assets still taking on risk to grow the portfolio, with shares comprising the largest holding. Alongside shares are meaningful weights to property and alternative assets such as private equity and infrastructure which, though growth in nature, play a diversifying role against the share market. The investment time horizon for AMP MySuper 1970s members can still be considered long-term, so a higher risk strategy is still appropriate. Time is on the side of these members, they have time to bounce back from any declines in portfolio value due to market fall.

Fund objective

AMP MySuper 1970s aims to achieve an average rate of return above the Consumer Price Index of 3.0% pa, after fees and superannuation tax, over a 10 year period.

Investor profile

- **Standard risk measure:** 6/High
- **Suggested minimum investment timeframe:** 10 years

Performance

The AMP MySuper 1970s Fund returned 4.6% for the December quarter.

Quarter Highlights

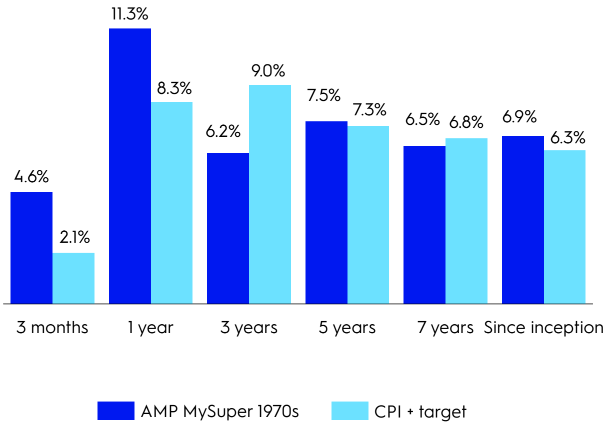
As was the theme for most of the year, 2023 ended on a positive note with both share and bond markets generating strong returns as inflation fell and markets anticipated lower interest rates. This translated well for both the Q4 and 1-year return of the 1970s Option, which generated a double digit return for the year.

Both domestic and international share exposures proved to be the key driver of returns, as the market rallied on positive sentiment after the Fed reflected on inflation slowing faster than anticipated and stronger than expected economic growth following continued resilience in the global economy. Active stock selection across equity allocations was mixed, resulting in underperformance relative to respective benchmarks. Bond and credit market allocations mirrored equities' movements as interest rates shifted lower, boosting returns. Unlisted real asset and alternatives exposures, such as hedge funds and private equity, were somewhat constrained over the quarter amid weaker valuations.

The Option outperformed its CPI objective over the quarter and is ahead over 1-year following strong gains in share markets and inflation levels tapering off. Over the long-term, whilst relative performance has improved, it remains mixed following volatile markets and above-normal inflationary conditions in recent years.

Looking ahead, we anticipate 2024 to be a broadly positive year for markets, helped by peaking and eventually falling interest rates - but it is not without risks. The timing of interest rate cuts remains uncertain as central banks continue to monitor the economy and inflation, with a considerable risk to markets that rate cuts may come later than expected. Recessionary risks also remain, given tighter lending standards and stalling consumer spending globally. In this environment, we remain highly diversified across asset classes and strategies, and have shifted to a broadly neutral position across most asset classes, limiting active risk across the portfolio.

Performance



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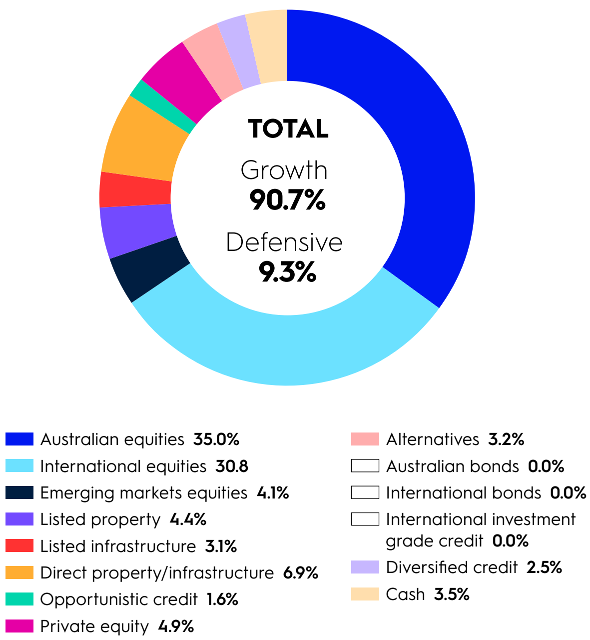
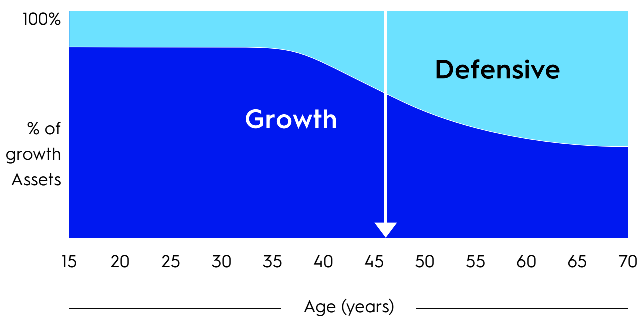
Asset allocation



Current asset allocation and top holdings as at 31 December 2023.

Glide path



Top holdings

Australian equities	Weight (%)	International equities	Weight (%)
BHP Group Ltd	3.3%	Microsoft Corp	1.3%
CSL Ltd	2.3%	Apple Inc	1.1%
Commonwealth Bank of Australia	2.1%	Alphabet Inc	0.8%
National Australia Bank Ltd	1.3%	Amazon Com Inc	0.7%
Westpac Banking Corporation Corp	1.0%	NVIDIA Corp	0.7%

AMP MySuper
1960s

The 1960s investor

AMP MySuper 1960s investor could be considered to be at somewhat of a superannuation crossroad. They have worked hard to build a sound superannuation asset base in order to fund their retirement goals. That retirement is still a way off, but looming ever-larger.

The asset mix of AMP MySuper 1960s reflects this point in their life. On one hand, asset accumulation remains a clear priority; the option must seek out higher returns in order to continue to grow the superannuation base. Accordingly, growth assets such as shares comprise more than half of the portfolio. On the other hand, the need to protect the existing capital base has become increasingly greater as members edge towards retirement. This requires a decent position in more defensive assets that will provide more downside protection. With its meaningful exposures to bonds and cash, the 1960s option provides for this.

Fund objective

AMP MySuper 1960s aims to achieve an average rate of return above the Consumer Price Index of 1.5% pa, after fees and superannuation tax, over a 10 year period.

Investor profile

- **Standard risk measure:** 5/Medium to high
- **Suggested minimum investment timeframe:** 10 years

Performance

The AMP MySuper 1960s Fund returned 4.4% for the December quarter.

Quarter Highlights

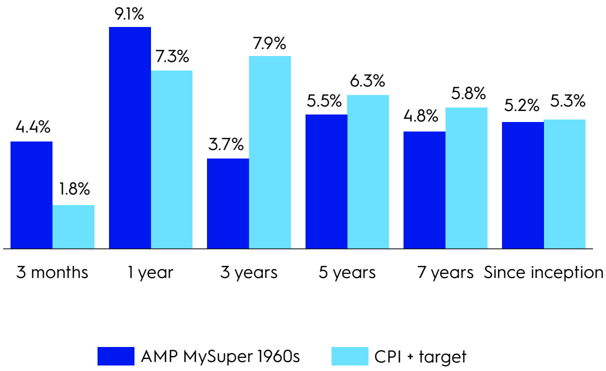
As was the theme for most of the year, 2023 ended on a positive note with both share and bond markets generating strong returns as inflation fell and markets anticipated lower interest rates. This translated well for both the Q4 and 1-year return of the 1960s Option, which generated a strong positive return over these time periods.

Both domestic and international share exposures proved to be the key driver of returns, as the market rallied on positive sentiment after the Fed reflected on inflation slowing faster than anticipated and stronger than expected economic growth following continued resilience in the global economy. Active stock selection across equity allocations was mixed, resulting in underperformance relative to respective benchmarks. Bond and credit market allocations mirrored equities' movements as interest rates shifted lower, boosting returns. Unlisted real asset and alternatives exposures, such as hedge funds and private equity, were somewhat constrained over the quarter amid weaker valuations.

The Option outperformed its CPI objective over the quarter and is ahead over 1-year following strong gains in share markets and inflation levels tapering off. Over the long-term, whilst relative performance has improved, it remains mixed following volatile markets and above-normal inflationary conditions in recent years.

Looking ahead, we anticipate 2024 to be a broadly positive year for markets, helped by peaking and eventually falling interest rates - but it is not without risks. The timing of interest rate cuts remains uncertain as central banks continue to monitor the economy and inflation, with a considerable risk to markets that rate cuts may come later than expected. Recessionary risks also remain, given tighter lending standards and stalling consumer spending globally. In this environment, we remain highly diversified across asset classes and strategies, and have shifted to a broadly neutral position across most asset classes, limiting active risk across the portfolio.

Performance



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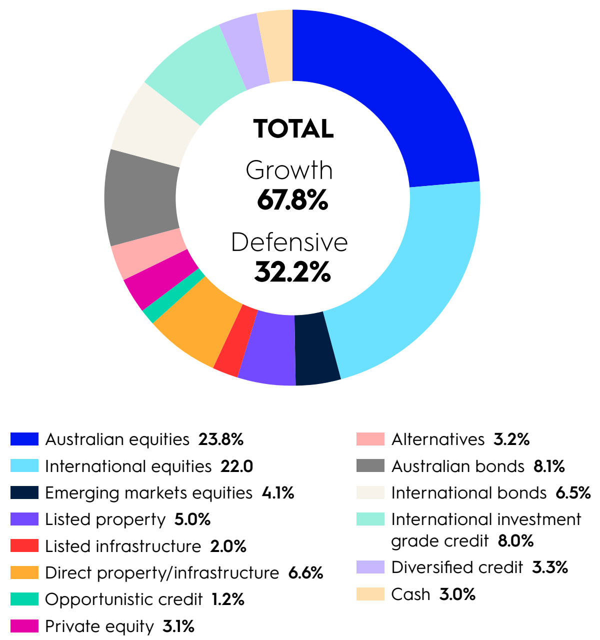
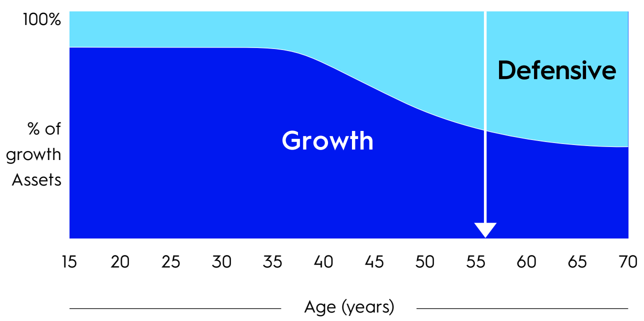


Current asset allocation and top holdings as at 31 December 2023.

Glide path



Top holdings

Australian equities	Weight (%)	International equities	Weight (%)
BHP Group Ltd	2.3%	Microsoft Corp	0.9%
CSL Ltd	1.6%	Apple Inc	0.8%
Commonwealth Bank of Australia	1.4%	Alphabet Inc	0.6%
National Australia Bank Ltd	0.9%	Amazon Com Inc	0.5%
Macquarie Group Ltd Def	0.7%	NVIDIA Corp	0.5%

AMP MySuper 1950s

The 1950s investor

Members in AMP MySuper 1950s are approaching the end of their working life and, as such, are beginning to focus more intently on preparing for retirement. After many years in the workforce, these members have built up a solid superannuation base, but as they are near to retirement, their investment horizon is relatively short. Therefore, we are conservative in terms of the degree of investment risk taken in AMP MySuper 1950s.

Some exposure to shares and other risky assets is necessary to continue to grow the portfolio to fund retirement, however, the asset mix of the 1950s option reflects a moderately risk-averse strategy overall, designed first and foremost to protect the capital members have built. Around half of the option is invested bonds, cash and other defensive assets. This limits the potential impact of share market falls and other market shocks on members' retirement savings.

Fund objective

AMP MySuper 1950s aims to achieve an average rate of return above the Consumer Price Index of 1% pa, after fees and superannuation tax, over a 10 year period.

Investor profile

- **Standard risk measure:** 5/Medium to high
- **Suggested minimum investment timeframe:** under 5 years

Performance

The AMP MySuper 1950s Fund returned 4.3% for the December quarter.

Quarter Highlights

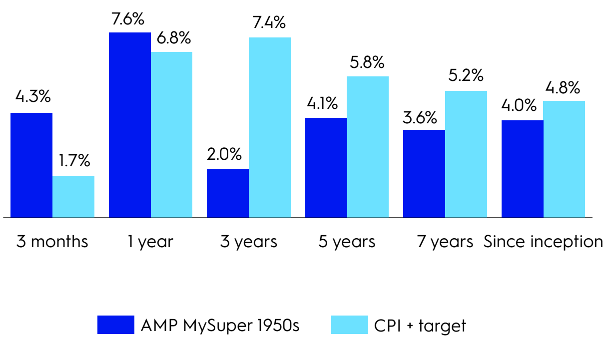
As was the theme for most of the year, 2023 ended on a positive note with both share and bond markets generating strong returns as inflation fell and markets anticipated lower interest rates. This translated well for both the Q4 and 1-year return of the 1950s Option, which generated a strong positive return over these time periods.

The large allocations to both bonds and investment grade credit excelled over the period, proving to be a key driver of returns as interest rates shifted lower following promising signals from global central banks on cutting rates in 2024. Similarly, domestic and international share exposures rallied on stronger than expected economic growth, following continued resilience in the global economy. Active stock selection across equity allocations was mixed, resulting in underperformance relative to respective benchmarks. Unlisted real asset and alternatives exposures, such as direct property and hedge funds, were somewhat constrained over the quarter amid weaker valuations, particularly when compared to share markets.

The Option outperformed its CPI objective over the quarter and is ahead over 1-year following strong gains in share markets and inflation levels tapering off. Over the long-term, whilst relative performance has improved, it remains mixed following volatile markets and above-normal inflationary conditions in recent years.

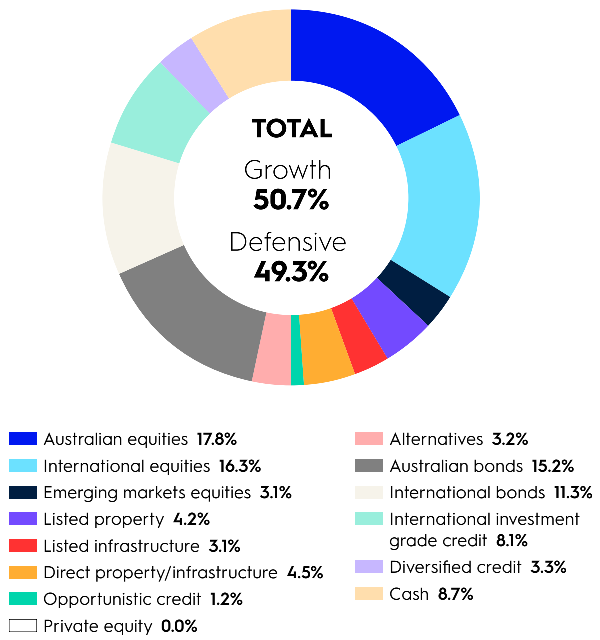
Looking ahead, we anticipate 2024 to be a broadly positive year for markets, helped by peaking and eventually falling interest rates - but it is not without risks. The timing of interest rate cuts remains uncertain as central banks continue to monitor the economy and inflation, with a considerable risk to markets that rate cuts may come later than expected. Recessionary risks also remain, given tighter lending standards and stalling consumer spending globally. In this environment, we remain highly diversified across asset classes and strategies, and have shifted to a broadly neutral position across most asset classes, limiting active risk across the portfolio.

Performance



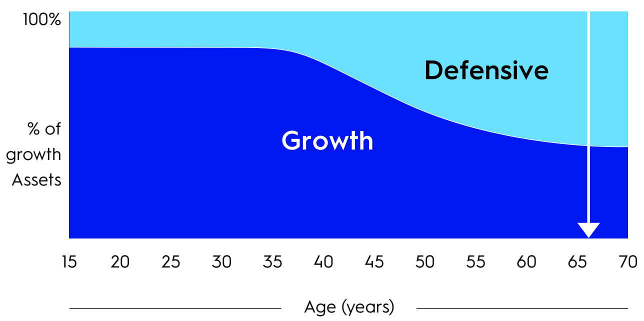
Inception date is 2 January 2014. Performance as at 31 December 2023.
Returns net of Investment fees, admin fees, and superannuation tax.

Asset allocation



Current asset allocation and top holdings as at 31 December 2023.

Glide path



Top holdings

Australian equities	Weight (%)	International equities	Weight (%)
BHP Group Ltd	1.9%	Microsoft Corp	0.7%
CSL Ltd	1.4%	Apple Inc	0.6%
Commonwealth Bank of Australia	1.2%	Alphabet Inc	0.4%
National Australia Bank Ltd	0.8%	Amazon Com Inc	0.4%
Woodside Energy Group Ltd	0.6%	Prologis Reit Inc	0.4%

AMP MySuper
Capital Stable

The Capital Stable investor

AMP MySuper Capital Stable is designed for members already in retirement. As these members are no longer earning a full working salary, they are no longer contributing to their superannuation account. The focus is on protecting the balance they have built. This is particularly important as members will be looking to this superannuation balance to generate the income stream required to fund their ongoing expenses and lifestyle.

Capital preservation is the priority. Reflecting this priority, AMP MySuper Capital Stable comprises a mix of predominantly lower risk assets such as bonds and cash. Where there is investment in more growth-oriented assets, the preference is for more defensive, yield-focused types like global listed property. This makes for a more stable return profile, and supports the income generation requirements of the Capital Stable option.

Fund objective

AMP MySuper Capital Stable aims to achieve an average rate of return above the Consumer Price Index of 1% pa, after fees and superannuation tax, over the relevant time period.

Investor profile

- **Standard risk measure:** 5/Medium to high
- **Suggested minimum investment timeframe:** No minimum

Performance

The AMP MySuper Capital Stable Fund returned 4.6% for the December quarter.

Quarter Highlights

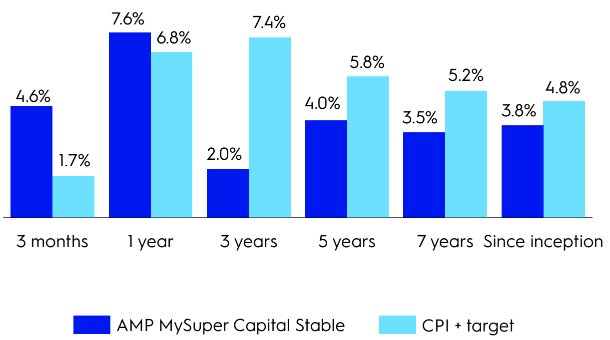
As was the theme for most of the year, 2023 ended on a positive note with both share and bond markets generating strong returns as inflation fell and markets anticipated lower interest rates. This translated well for both the Q4 and 1-year return of the Capital Stable Option, which generated a strong positive return over these time periods.

The large allocations to both bonds and investment grade credit excelled over the period, proving to be a key driver of returns as interest rates shifted lower following promising signals from global central banks on cutting rates in 2024. Similarly, domestic and international share exposures rallied on stronger than expected economic growth, following continued resilience in the global economy. Active stock selection across equity allocations was mixed, resulting in underperformance relative to respective benchmarks. Alternatives exposures were somewhat constrained over the quarter amid weaker valuations, particularly when compared to share markets.

The Option outperformed its CPI objective over the quarter and is ahead over 1-year following strong gains in share markets and inflation levels tapering off. Over the long-term, whilst relative performance has improved, it remains mixed following volatile markets and above-normal inflationary conditions in recent years.

Looking ahead, we anticipate 2024 to be a broadly positive year for markets, helped by peaking and eventually falling interest rates - but it is not without risks. The timing of interest rate cuts remains uncertain as central banks continue to monitor the economy and inflation, with a considerable risk to markets that rate cuts may come later than expected. Recessionary risks also remain, given tighter lending standards and stalling consumer spending globally. In this environment, we remain highly diversified across asset classes and strategies, and have shifted to a broadly neutral position across most asset classes, limiting active risk across the portfolio.

Performance



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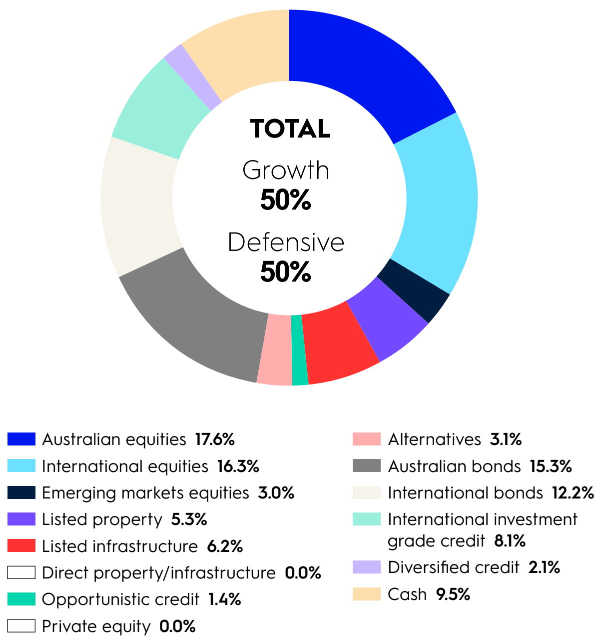
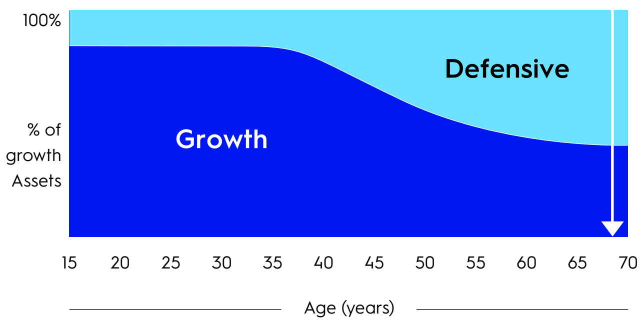
Asset allocation



Current asset allocation and top holdings as at 31 December 2023.

Glide path



Top holdings

Australian equities	Weight (%)	International equities	Weight (%)
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National Australia Bank Ltd	0.8%	Alphabet Inc	0.4%
Woodside Energy Group Ltd	0.6%	Amazon Com Inc	0.4%

Who manages AMP MySuper?

The Portfolio Management team has overall responsibility for the investment performance of the full range of diversified portfolios, which covers both market-linked and goal based funds.

The team set the strategic/neutral asset allocation and implement dynamic asset allocation decisions in conjunction with our Investment Strategy & Economics Team. The team also manage currency exposure, cash flow, liquidity, fee budgets and risk management of our diversified funds.

The AMP MySuper Portfolio Management Team sits within AMP Investments.

AMP Investments is one of Australia's most experienced multi-asset and diversified investment managers.

AMP's purpose is to help clients by seeking to provide outstanding investment outcomes. This means performance balanced by risk management, giving you confidence that AMP is committed to helping clients meet their goal.

AMP is a leading investment house with over $71.6 billion[1] in funds under management. Our experience and leadership across asset classes not only provides insights into ever-changing markets, but also means we are at the forefront of developing contemporary investment solutions for clients.

We believe better outcomes start with a deep understanding of clients' needs. Our culture of collaboration drives our people to share insights and to innovate. This way of working, combined with AMP's expertise across asset classes, means clients benefit from deeper insights and stronger investment solutions.

Our process is designed to deliver outstanding investment outcomes for clients. We are as focused on risk management as we are on opportunities. Investment decisions are based on rigorous and repeatable research and modelling, leveraging the depth of investment knowledge across AMP.

1 As of 30 December 2023. Represents draw down amount on a fully funded basis.

Meet the AMP MySuper Portfolio Management Team

Anna Shelley

Anna is the Chief Investment Officer, AMP Investments and the Portfolio Manager for AMP's default Corporate Super offerings.

Anna is responsible for overseeing the Group's specialised portfolio management capability. This capability includes the management of AMP's full rage of diversified portfolios. Before joining AMP, Anna was CIO of Catholic Super.

Stuart Eliot

As Head of Portfolio Management for AMP Investments, Stuart Eliot brings more than 30 years of diverse financial markets experience to the stewardship of our client's funds.

Most recently he spent 12 years with Pendal Group where he was Senior Portfolio Manager, Multi-Asset Investments since 2016, and previously Portfolio Manager, Diversified Funds since 2009. In these roles Stuart was responsible for strategic and dynamic asset allocation, portfolio management and investment research, including a strong focus on responsible investing.

Prior to joining Pendal, he held senior investment banking, trading and quantitative research roles, encompassing multiple asset classes, at several leading investment banks. Stuart holds a BComm (Actuarial Studies) from Macquarie University.

Stephen Flegg

Senior Portfolio Co Manager

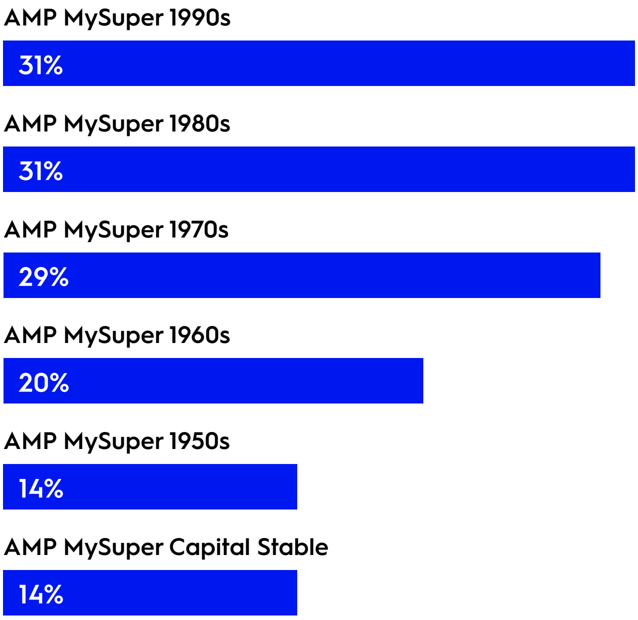
Stephen is the Senior Portfolio Manager for over $20 billion of diversified index portfolios and is also responsible for the North Professional range of actively managed diversified funds.

He has worked at AMP for over 10 years and holds a Bachelor of Commerce from the University of Queensland, Masters of Economics from the University of Sydney, Masters of Applied Finance from Kaplan Professional and a Graduate Diploma of Teaching.

Currency management

Our currency positioning is actively managed, monitored and reported at the fund level. Each of the lifecycle funds has a neutral position to foreign currency exposure with ranges around this neutral position that permit the portfolio manager to take active positions based on our dynamic asset allocation model. The neutral exposure to foreign currency for each lifecycle option is shown below.

Neutral exposure to foreign currency
(% of total fund)



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