Core Retirement Fund

Quarterly Communication — Platform

March 2024

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.

This quarter in brief

Commentary

The Fund produced a positive return over the quarter, reflecting both equity strength and defensive asset weakness. Global share markets continued to rise strongly over the March quarter, fuelled by improving growth numbers from the US and a dovish US central bank. Europe, US, and Japanese share markets were notably strong. Australian share markets were also quite strong, however the domestic market has lagged the global market this year, held back in part by a struggling materials sector and a poorer earnings outlook. Alongside stronger growth numbers, US inflation has continued to surprise on the high side, notably in core service areas such as healthcare and insurance. This has forced out expected rate cuts for 2024 in the US down from around 6-7 in late December, to less than 3 as at March quarter end. This weighed on bond markets and interest rate sensitive markets such as listed infrastructure. It has also to some extent weighed on income strategies, with high dividend yield indices underperforming broader markets in both Australia and globally.

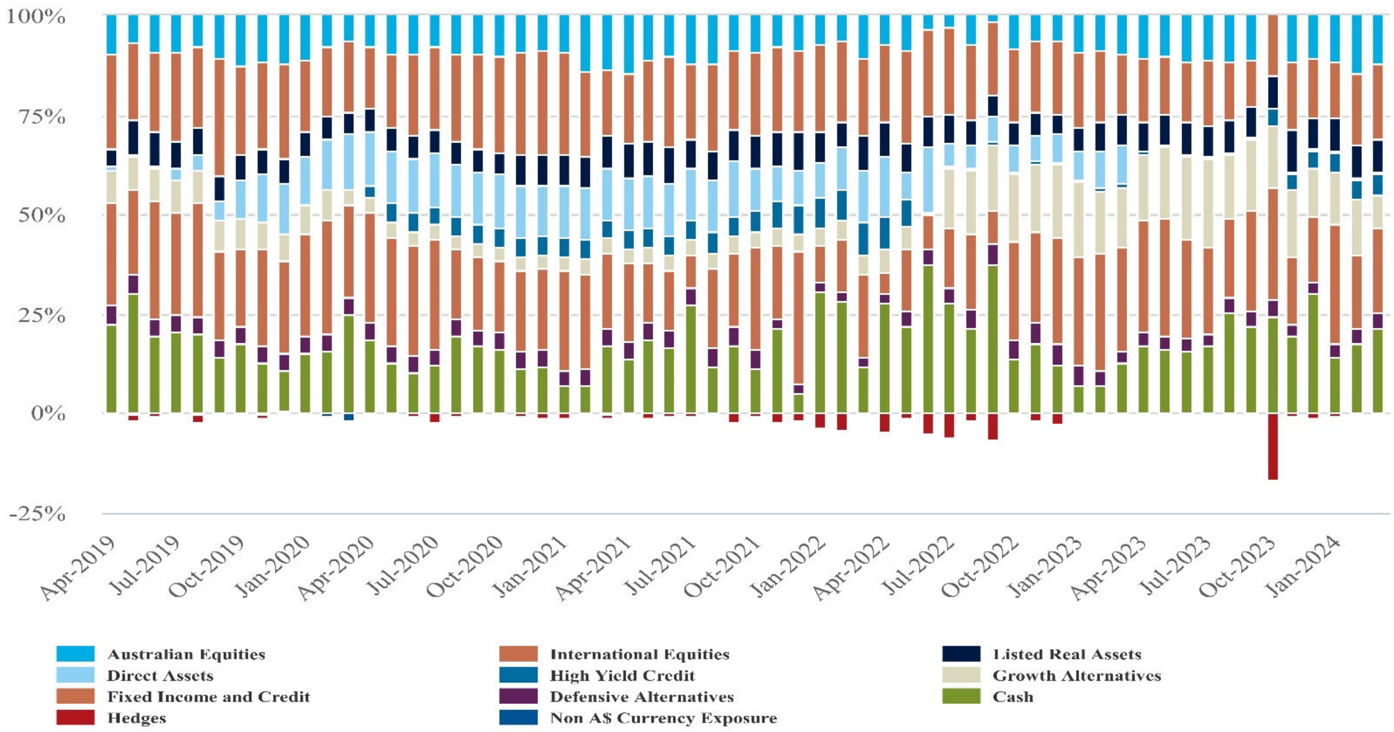
Portfolio activity:

During the quarter, the allocation to international shares managed by active managers, primarily GQG, increased. This was due to outperformance from the sector, combined with our active managers' continuing to find value. Some switches were made from government bonds to high quality credit, where we believe spreads still offer a reasonable premium with little immediate credit risk. Further reductions were made in liquid alternatives, where performance has been disappointing, with some of this exposure being switched to South Peak, as core volatility strategies continue to perform very well. The portfolio is positioned relatively neutrally in terms of overall risk, with a strong bias to adding bond duration once inflation turns over. High yield credit exposure has been kept underweight given expensive pricing, and international shares have been favoured relative to Australia. Option protection has been increased in the US and also in Germany, given attractive pricing and heightened policy and geopolitical risks.

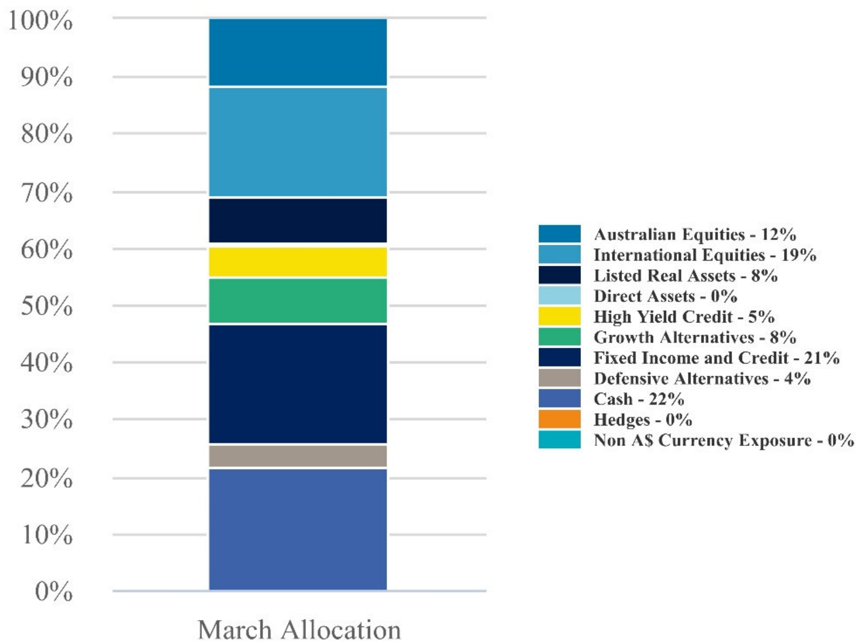
Outlook

The US economy has remained, on balance, surprisingly resilient. Unemployment remains low, GDP growth is surprising to the upside and economic surveys suggest ongoing expansion. There are signs of weakness however if you look for them, including softening wage growth, falling liquidity, tight policy, negative leading indicators and still-positive recessionary indicators. Perhaps the largest immediate threat is the bounce in inflation that has forced back expected rate cuts and forced bond yields higher, which may create some turbulence, but is not likely to derail markets unless inflation forces a pivot to more rate hikes, rather than delays. The Middle East remains a flashpoint, with fears of escalation remaining. US tech earnings meanwhile have a relatively high bar, but expectations are that sales growth will remain solid and margins healthy. Areas of weakness remain apparent in some very large stocks such as Tesla and Apple, where sales and earnings growth have slowed. In contrast companies such as Amazon, Nvidia, and Microsoft look extremely strong.

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)	2.01	2.13	4.22	0.88	1.90	2.27	3.04
CPI + 3.5% (gross of fee objective)	0.49	1.46	6.86	8.79	8.77	7.33	6.63
Excess return above objective	1.52	0.68	- 2.64	- 7.91	- 6.88	- 5.06	- 3.59
Total return (after fees & incl. franking credits)	2.06	2.23	4.50	1.24	2.39	2.70	3.47

* **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	$60.87 million
Distribution frequency	Quarterly
APIR code	AMP2087AU
Suggested minimum investment timeframe	5 years
Investment objective	The Fund aims to deliver returns of CPI + 3.5% (before fees, inclusive of franking credits) over rolling five years. This return objective is based on modelling by AMPI to test income volatility at various levels of risk which concluded this to be the level suitable for retirees drawing down capital. The Fund is managed to a targeted absolute volatility range of 3 - 7% over five years. These return objective and risk management parameters are internal targets only, and do not form part of the externally disclosed investment objective for the post-retirement Funds. The performance benchmark of the Fund is CPI + 3.5% before fees and inclusive of franking credits.

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

Portfolio manager

MATTHEW HOPKINS
Portfolio Manager

Matthew is lead Portfolio Manager for the Multi-Asset Fund, Income Generator and Core Retirement Fund. Matthew chairs the working group for the Multi-Asset Fund and is responsible for portfolio construction, risk management, research, and hedging. In his role within the portfolio management team, Matthew also participates in a wider variety of client-related investment solutions for AMP Investments and has extensive experience in portfolio construction, managing alternative assets, and investment risk analysis. Matthew joined AMP Ltd in 1989. Subsequently, he has held various positions including as a portfolio manager in global edge. funds, divisional director of investment risk (research and strategy, Henderson Global Investors, London) and head of portfolio analytics (UK equities, AMP Asset Management, London).

BRAD CREIGHTON
Portfolio Manager

Brad is the co-Portfolio Manager for the Multi-Asset Fund, Income Generator and Core Retirement Fund. As a Portfolio Manager for AMP Investments since 2018, Brad brings 15 years of financial markets and portfolio management experience Prior to joining AMP, Brad spent 4 years as a portfolio manager at Millennium Capital Partners, one of the world's leading hedge funds, where he successfully managed a discretionary global macro portfolio. Brad has also enjoyed experience as a Senior Macroeconomic Strategist at Optiver, Market Risk Manager for Aviva and Credit Suisse, and a Trader for the Commonwealth Bank's proprietary trading division. In addition to his portfolio management responsibilities at AMP, Brad is a member of the Dynamic Asset Allocation working group where he contributes quantitative research and analysis for the purpose of enhancing the investment outcomes of AMP's diversified portfolios with $A80 billion funds under management. Brad holds a Master of Commerce (Banking and Finance) from Griffith University.

CONTACT DETAILS

For more information on the Fund including fees, product features, benefits and risks, talk to your adviser or call us on 133 267 or visit **www.amp.com.au/investments**