

# AMP MySuper Capital Stable

Quarterly Investment Option Update

30 September 2019

## Aim and Strategy

Aims to achieve a rate of return of 1.5% above the Consumer Price Index, after fees and superannuation tax, over the suggested investment timeframe. This investment option is an aged-based investment, meaning that its strategy has been designed to meet the investment needs of the average investor born before 1950. As capital stability is the priority of this investment option, it will hold mostly defensive assets such as fixed interest and cash. International investments may be partially or fully hedged back to Australian dollars. Subject to certain conditions, the underlying investments may use derivatives (such as options, futures, forwards and swaps) and engage in short selling.

## Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	No minimum
<b>Relative risk rating</b>	Medium
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian Fixed Interest	18
International Fixed Interest	18
International shares	16
Australian Shares	15
Cash	13
Listed Property and Infrastructure	8
Defensive Alternatives	6
Growth Alternatives	6
Unlisted Property and Infrastructure	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	17.84
Australian Shares	14.24
Listed Property and Infrastructure	8.50
Growth Alternatives	4.84
International Fixed Interest	20.58
Australian Fixed Interest	15.02
Defensive Alternatives	4.69
Cash	14.29

## Fund Performance

AMP MySuper Capital Stable delivered a 1.8% return over the September quarter. Despite volatility during the period, gains were made in most underlying asset classes, with strong contributions from defensive assets. Since inception, AMP MySuper 1950s has maintained a robust return profile for members, with performance remaining ahead of the CPI+ target over all key time horizons.

During the quarter, market sentiment experienced both lows and highs, as the continued slowdown in global economic data and US-China tensions motivated global central banks to adopt further monetary policy easing in the form of interest rate cuts. This volatile environment supported allocations to 'safe-haven' assets, such as government bonds and other fixed income assets. Lower rates also aided other yield-driven assets such as property and infrastructure, which generated modest returns. For share markets, much of the positive impact of the rate cuts was suppressed by lacklustre global economic data and uncertainties caused by the US-China trade tensions. However by quarter-end, less investor pessimism saw both developed share markets and the Australian share market rebound, closing up 1.5% and 2.4% respectively.

Moving into the final quarter of 2019 we remain cautiously optimistic, as global markets face a variety of unpredictable situations. Continued concerns around the US-China trade tensions, a no-deal Brexit and slowing global growth are likely to increase recessionary risks. This, in combination with low interest rates, supports fixed income markets, although expensive valuations may limit any upside. For shares, the current environment is less supportive particularly if risks worsen. For sentiment to improve, it will take a settling of the trade tensions and an improvement in the outlook for global growth. Given this, we maintain a broadly neutral allocation across most asset classes. AMP MySuper Capital Stable maintains a sizeable allocation to defensive assets, which could provide protection if the economic environment worsens. Allocations to alternatives and cash should also diversify risk away from potential share market declines.

## Market Review

Increasing predispositions by global central banks to become ever more accommodative during the September quarter have kept the bias on interest rates downwards, making equities relatively attractive and increasing the correlation between equities and bonds. However, the International Monetary Fund revised down its projection for global growth further during the period.

For the US-China trade dispute, which saw further escalation during the period, trust will need to be re-established between both parties at face-to-face meetings before any serious progress can be made. Until then, there is the potential for volatility to ramp-up substantially.

As was widely factored into the market, the US Federal Reserve (Fed) cut the Federal Funds Rate range by 25 basis points to 2.0-2.25% on 31 July; the first cut since the Global Financial Crisis, followed by a further cut of 25 basis points on 18 September to take the rate range to 1.75-2.0%.

In the US economy, the trade deficit continued to widen. However, as a whole, US economic data was generally benign, and the US stock market reached a record high during the quarter. There has been strong consumer-related and business data; however, jobs growth has been somewhat sluggish, and the ISM manufacturing conditions index remains subdued. Recent retail sales have risen more than expected and small business confidence remains strong, although latest labour market indicators have been more mixed.

## Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP1898AU
CustomSuper	AMP1898AU
SignatureSuper	AMP1886AU
SignatureSuper Select	AMP1886AU
SuperLeader	AMP1892AU

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