



AMP MySuper 1960s

Quarterly Investment Option Update

30 June 2021

Aim and Strategy

Aims to achieve a rate of return of 2.5% above the Consumer Price Index, after fees and superannuation tax, over the suggested investment timeframe. This investment option gives you an investment solution that takes you all the way through your superannuation savings journey. This approach, known as lifecycle investing, delivers an investment strategy that continuously evolves to align with the changing stages of an investor's life. It takes the hard work out of deciding how to invest your savings by providing the simplicity of a single investment choice. This investment option is an age-based investment, meaning that the strategy of this investment option will change progressively over an investor's lifetime to meet the objective of the average investor born during the 1960s. For investors approaching retirement, investments will focus more on preserving the capital built up and reducing risk. 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/performance

Investment Option Overview

| | |
|---|----------------|
| Investment category | Multi-Sector |
| Suggested minimum investment timeframe | 10 years |
| Relative risk rating | Medium to High |
| Investment style | Active |
| Manager style | Multi-manager |

| Asset Allocation | Benchmark (%) |
|--------------------------------------|----------------------|
| International shares | 24 |
| Australian Shares | 20 |
| Australian Fixed Interest | 14 |
| International Fixed Interest | 12 |
| Unlisted Property and Infrastructure | 8 |
| Growth Alternatives | 8 |
| Cash | 7 |
| Defensive Alternatives | 5 |
| Listed Property and Infrastructure | 2 |

| Actual Allocation | % |
|--------------------------------------|----------|
| International Shares | 25.43 |
| Australian Shares | 20.22 |
| Listed Property and Infrastructure | 3.58 |
| Unlisted Property and Infrastructure | 6.00 |
| Growth Alternatives | 7.10 |
| International Fixed Interest | 13.75 |
| Australian Fixed Interest | 13.47 |
| Defensive Alternatives | 3.97 |
| Cash | 6.47 |

Fund Performance

AMP MySuper 1960s delivered a strong return over the June quarter, leading to a very strong return over the financial year. Most asset classes made gains over the quarter, with domestic and international share markets delivering the strongest performances.

Markets were buoyed by supportive monetary and fiscal policy combined with continued economic recovery, enabled by the accelerating inoculation effort across developed countries. Economic growth and manufacturing and service sector activity rose strongly over the quarter. This backdrop saw most sectors rally. The S&P/ASX 200 index ended up 8.3% and the MSCI World ex Australia index closed 7.6% higher (in local currency terms). In line with broader share markets, listed property and infrastructure saw meaningful gains as interest rates were largely range bound following assurances from the US Federal Reserve that any tightening is unlikely in the near term. Unlisted assets, particularly private equity, also generated positive returns as valuations rose. As the economic outlook improved, defensive assets such as bonds and investment grade credit, moved largely sideways.

Relative to its benchmark, the option outperformed over the June quarter and the year. Allocations to shares and listed real assets were the key driver of the outperformance. Private equity and absolute return strategies also contributed to the outperformance, generating strong returns. Allocations to fixed income were mixed with the outperformance of the global allocation offset by weaker performance of the Australian allocation.

Looking ahead, we remain optimistic. As the COVID-19 vaccine rollout continues to gain pace globally and economic growth follows, we believe the recovery theme, governments supporting economies and reopening momentum, will remain the main drivers of growth. Against this backdrop, we look favourably upon shares relative to bonds. However, the introduction of new COVID-19 variants and inflationary concerns has left markets somewhat susceptible to a correction. Maintaining an active, well-diversified asset exposure should continue to aid portfolio resilience.

Market Review

The economic backdrop became more complicated as the quarter progressed. Uncertainty over the persistency of inflationary pressures, ongoing stimulus packages, more hawkish than expected US Federal Reserve communications, and stretched valuations in many areas, all resulted in a more heterogeneous market interpretation of future economic direction and an increasingly fluid risk on/ risk off bias. In addition, there remain some unresolved global supply-demand mismatches. The G7 meeting in Cornwall concluded with communications regarding the equalisation of global taxes but there is long way to go before anything concrete can be agreed on an international basis. The meeting also laid bare the West's increasingly fractious relationship with China. However, this year's summit was generally considered to be more positive than recent ones under the Trump administration, which should augur well for increased global cohesion, especially amongst developed democracies. Strong US demand is coming up against some supply-demand mismatches and bottlenecks which are also boosting market fears of inflation. However, the US Federal Reserve is playing down inflationary risks, citing they are transitory, which is currently assuaging markets. Despite this, investors will be watching how the combined effect of ongoing stimulus programmes, married to disrupted and possible structural changes to some supply chains, may ultimately impact the longer-term inflationary environment.

Availability

| Product Name | APIR |
|----------------------------|-----------|
| AMP Flexible Super - Super | AMP1900AU |
| CustomSuper | AMP1900AU |
| Flexible Lifetime - Super | AMP1900AU |
| SignatureSuper | AMP1888AU |
| SignatureSuper Select | AMP1888AU |
| SuperLeader | AMP1894AU |

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