



AMP MySuper Capital Stable

Quarterly Investment Option Update

30 June 2021

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/performance

Investment Option Overview

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

Asset Allocation	Benchmark (%)
International shares	18
International Fixed Interest	17
Australian Fixed Interest	17
Australian Shares	17
Cash	10
Listed Property and Infrastructure	8
Growth Alternatives	7
Defensive Alternatives	6
Unlisted Property and Infrastructure	0

Actual Allocation	%
International Shares	19.26
Australian Shares	17.32
Listed Property and Infrastructure	8.55
Growth Alternatives	3.21
International Fixed Interest	21.32
Australian Fixed Interest	16.51
Defensive Alternatives	4.69
Cash	9.16

Fund Performance

AMP MySuper Capital Stable 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 returns, as most of the underlying managers finished ahead of their respective benchmarks. 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	AMP1898AU
CustomSuper	AMP1898AU
Flexible Lifetime - Super	AMP1898AU
SignatureSuper	AMP1886AU
SignatureSuper Select	AMP1886AU
SuperLeader	AMP1892AU

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