AMP MySuper 1960s

Quarterly Investment Option Update

31 December 2017

Aim and Strategy

The aim of this investment option is to provide returns primarily from capital growth with some income over the long term through a diversified portfolio. This investment option is an aged-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.

Initially, this investment option will hold a higher allocation to growth assets. As the investor approaches retirement, the investment option will progressively shift to preserve capital through a higher allocation to defensive assets.

The asset classes and asset allocation benchmark and ranges are determined with reference to the investment option's stage of its lifecycle – the time horizon to retirement and the investors' capacity to take on risk. Therefore the asset class allocations below will vary over time.

As at 1 January 2014, this investment option aims to achieve a rate of return above Consumer Price Index of 3.0 per cent, after fees and superannuation tax, over a 10 year period.

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.

The performance benchmark is the average weighted return of the benchmark indices used for each asset class.

Investment Option Performance

To view the latest investment performances please visit www.amp.com.au

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1900AU
CUSTOM SUPER	AMP1900AU
METCASH SUPERANNUATION PLAN	AMP1900AU
Signature Super	AMP1888AU
Super Leader	AMP1894AU

Investment Option Overview

Investment category	Diversified
Suggested investment timeframe	10 years
Relative risk rating	Medium
Investment style	Active

Asset Allocation	Benchmark	Range (%)
Australian Shares	23	10-30
Global Shares	20	8-28
Growth Alternatives	8	0-20
Australian Property	4	0-14
Global Property	3	0-13
Global Infrastructure	4	0-27
Defensive Alternatives	5	0-13
Australian Bonds	14	0-36
Global Bonds	12	0-34
Cash	7	0-30

Top Ten Australian Shares Exposure	%
COMMONWEALTH BANK AUST	7.84
BHP Billiton Ltd	6.42
Australia & New Zealand Banking Group Ltd	6.11
Westpac Banking Corp	5.88
National Australia Bank Ltd	4.44
Rio Tinto Ltd	4.41
Suncorp Group Ltd	3.41
Macquarie Group Ltd	3.11
Wesfarmers Ltd	2.60
CSL Ltd	2.59

Top Ten International Shares Exposure	%
APPLE INC	2.08
HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND	1.53
Alphabet Inc	1.50
Microsoft Corp	1.46
Amazon.com Inc	1.08
Facebook Inc	1.02
JPMorgan Chase & Co	0.88
EXXON MOBIL CORPORATION	0.72
Johnson & Johnson	0.69
Berkshire Hathaway Inc	0.67

Actual Allocation	%
International Shares	29.11
Australian Equities	25.77
Others	18.48
Australian Fixed Interest	10.05
Cash	9.68
Direct Property	3.56
International Listed Property	2.04
International Fixed Interest	1.30

Investment Option Commentary and Outlook

The AMP MySuper 1960s Fund returned a strong 3.6% in the December quarter. Encouraging economic releases and robust corporate earnings results boosted investor sentiment globally, which reflected favourably on risk-based assets.

Along with a strong quarterly result, the Fund's performance for 2017 was extremely good. The acceleration in synchronised global growth in markets over the year provided the foundation for strong performance across most asset classes. The long held underweight exposure to Australian equities in favour of international equities (primarily through European equities) was positive for Fund returns, with global markets outperforming the domestic market. Supportive currency movements, improved corporate earnings and lower than anticipated geopolitical risks were the key drivers of growth in developed international markets. By contrast, lacklustre corporate earnings, regulatory pressures, and a lack of wage growth weighed on the performance of Australian equities. However, the market was still able to deliver double digit returns on the back of stronger commodity prices and global growth. Emerging market equities were also a key driver of Fund performance on the back of these factors. The Fund's other growth investments such as property, infrastructure and alternatives (private equity, hedge funds) were all also solid contributors to Fund returns over the year, overshadowing the relatively modest gains from fixed interest.

For the start of 2018, we remain relatively comfortable in maintaining a bias towards international equities through Europe. With a maturing business cycle in the US, increasing global equity valuations and gradual tightening of global monetary policy, markets could see some volatility through 2018. We have utilised option protection to mitigate any downside in Fund performances caused by a correction in equity markets. Our overall bond position remains underweight in favour of cash as we expect bonds to remain vulnerable to any evidence of inflationary pressure or monetary tightening.

Contact Us

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