

AMP MySuper 1990s

Quarterly Investment Option Update

31 December 2017

Aim and Strategy

Aim and strategy: The aim of this investment option is to provide long-term returns primarily from capital growth but also with some income, through a diversified portfolio. 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 in the 1990s. The asset allocation and ranges are determined with reference to the investment option's stage of the lifecycle; the time horizon to retirement and the average investor's capacity to take on risk. Initially, this investment option will hold a higher allocation to growth assets. As its investors approach retirement, the asset allocation of the investment option will progressively shift, increasing the weight to defensive assets in order to preserve capital.

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 objective: Aims to achieve a rate of return of 5.0% above the Consumer Price Index, after fees and superannuation tax, over the suggested investment timeframe.

Investment Option Performance

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

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1903AU
CUSTOM SUPER	AMP1903AU
METCASH SUPERANNUATION PLAN	AMP1903AU
Signature Super	AMP1891AU
Super Leader	AMP1897AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	34	25-45
Global Shares	33	25-45
Growth Alternatives	15	0-22
Australian Property	5	0-15
Global Property	4	0-14
Global Infrastructure	4	0-27
Defensive Alternatives	0	0-12
Australian Bonds	4	0-25
Global Bonds	0	0-20
Cash	1	0-25

Investment Option Overview

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

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	%	Actual Allocation	%
APPLE INC	2.08	International Shares	34.95
HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND	1.53	Australian Equities	30.62
Alphabet Inc	1.50	Others	13.13
Microsoft Corp	1.46	Cash	12.06
Amazon.com Inc	1.08	Direct Property	4.05
Facebook Inc	1.02	Australian Fixed Interest	2.90
JPMorgan Chase & Co	0.88	International Listed Property	2.28
EXXON MOBIL CORPORATION	0.72	International Fixed Interest	0.00
Johnson & Johnson	0.69		
Berkshire Hathaway Inc	0.67		

Investment Option Commentary and Outlook

The AMP MySuper 1990s Fund returned a strong 4.8% 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.

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.

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