

AMP MySuper Capital Stable

Quarterly Investment Option Update

31 December 2017

Aim and Strategy

The aim of this investment option is to provide returns primarily from income.

This investment option will hold a high allocation to defensive assets, with capital protection as a priority. This investment option has a relatively high allocation towards fixed interest, with a focus on yield producing assets to provide greater return stability. The alternatives allocation also targets income generating assets.

This investment option aims to achieve a rate of return above Consumer Price Index of 2.0 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	AMP1898AU
CUSTOM SUPER	AMP1898AU
METCASH SUPERANNUATION PLAN	AMP1898AU
Signature Super	AMP1886AU
Super Leader	AMP1892AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	14	0-21
Global Shares	11	0-22
Growth Alternatives	4	0-12
Australian Property	3	0-13
Global Property	3	0-13
Global Infrastructure	5	0-25
Defensive Alternatives	6	0-10
Australian Bonds	20	0-41
Global Bonds	19	0-41
Cash	15	0-100

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	Australian Equities	21.15
HENDERSON GLOBAL EQUITY MULTI STRATEGY FUND	1.53	International Shares	20.31
Alphabet Inc	1.50	Others	16.55
Microsoft Corp	1.46	Cash	16.19
Amazon.com Inc	1.08	Australian Fixed Interest	13.71
Facebook Inc	1.02	International Fixed Interest	8.75
JPMorgan Chase & Co	0.88	International Listed Property	3.34
EXXON MOBIL CORPORATION	0.72		
Johnson & Johnson	0.69		
Berkshire Hathaway Inc	0.67		

Investment Option Commentary and Outlook

The AMP MySuper Capital Stable Fund returned 2.7% 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 Fund's sizeable allocation towards defensive assets, particularly fixed interest, had little impact on overall performance. With central banks beginning to tighten monetary policy and investors shifting to a risk-on environment, yield-driven assets underperformed the Fund's equity allocation. 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.

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.

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