

AMP MySuper Capital Stable

Quarterly Investment Option Update

31 December 2018

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.

Actual Allocation	%
Global shares	20.29
Australian shares	21.75
Listed property & infrastructure	2.87
Global fixed interest	12.17
Australian fixed interest	17.95
Others	13.50
Cash	11.47

Investment Option Performance

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

Investment Option Overview

Investment category	Multi-Sector
Suggested investment timeframe	N/A
Relative risk rating	Medium
Investment style	Active

Asset Allocation	Benchmark (%)
Global shares	16
Australian shares	15
Listed property & infrastructure	8
Unlisted property & infrastructure	0
Growth alternatives	6
Global fixed Interest	18
Australian fixed interest	18
Defensive alternatives	6
Cash	13

Investment Option Commentary

Performance was lower over the December quarter. Shares were the main detractor from performance, with markets subject to significant selling pressure towards the end of 2018. This was due to uncertainty regarding the pace of future interest rate increases in the US, weakening economic data across developed markets, growing concern over the threat of a protracted US-China trade war, and a disorderly Brexit process in the UK.

Developed share markets returned -13.3% for the quarter, and Australian shares returned -8.2%. However, concerns over the state of the global economy and suggestions that the US Federal Reserve might be less aggressive with rate hikes than previously anticipated, helped push bond yields down. Lower bond yields supported the option's allocations to fixed income, property and infrastructure assets. Domestic and international bonds were diversifying, and both rose to partially offset the falls of share markets.

The weak end to 2018 added an air of uncertainty for investors heading into 2019. Volatility is likely to remain high in 2019 as concerns surrounding global monetary conditions and geopolitical risks continue. However, economic indicators continue to show that underlying economic growth remains healthy. Company earnings, business confidence and employment across developed economies remain positive and monetary policy, while tighter, remains at historically accommodative levels. Given this, we continue to have a favourable view of global shares over the medium term. 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.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1898AU
CustomSuper	AMP1898AU
SignatureSuper	AMP1886AU
SuperLeader	AMP1892AU
SignatureSuper Select	AMP1886AU

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