



# AMP MySuper Capital Stable

Quarterly Investment Option Update

31 March 2024

## Aim and Strategy

The strategy aims to achieve a rate of return of 2.0% pa above the inflation rate (measured by the Consumer Price Index), after fees and superannuation tax, over a 10-year timeframe. Returns from both capital growth and income are provided through a diversified portfolio.

## Investment Option Performance

To view the latest investment performances for this product, please visit [www.amp.com.au/performance](http://www.amp.com.au/performance)

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	4 years
<b>Standard Risk Measure</b>	6/High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian shares	17
Global Shares	19
Property	5
Infrastructure	6
Alternatives	2
Fixed Income	39
Cash	12

<b>Actual Allocation</b>	<b>%</b>
Fixed Income	42.24
Global Shares	22.31
Australian Shares	17.96
Infrastructure	6.20
Property	5.08
Alternatives	2.03
Cash	4.19

## Fund Performance

Continued economic resilience and momentum continued into Q1 of 2024, with share markets rising strongly. This reflected well upon the MySuper Capital Stable Option performance, with strong returns over the quarter and longer time periods.

By investing with a diversified approach, with key allocations to bonds, cash, and equities; complimented by smaller allocations to alternatives, direct property, direct infrastructure, the Option was positioned to participate in a strong opening quarter. Sizeable bond allocations produced a broadly flat return to start 2024, however higher yielding credit allocations contributed positively to overall performance as interest rates shifted lower. Economic resilience, alongside optimism around rate cuts, saw both domestic and international share exposures drive much of the Option's performance. Active stock selection positively contributed, with the vast majority of our underlying managers beating their respective benchmarks. Listed property allocations underperformed, whilst infrastructure followed the broader market, ending the quarter strongly. Alternatives exposures were somewhat constrained over the quarter amid weaker valuations, particularly when compared to listed share markets.

The Option outperformed its CPI objective over the quarter and is ahead over one year, following strong gains in share markets and inflation levels tapering off. Over the long-term, whilst relative performance has improved, it remains mixed following volatile markets and above normal inflationary conditions in recent years.

Looking ahead, we anticipate 2024 to be a broadly positive year for markets, helped by easing inflation, central banks moving to cut rates. However, with a high risk of recession and market valuations no longer positioned for this, along with geopolitical risks, we believe it may be a rougher and more constrained ride than in 2023. We remain highly diversified across asset classes and strategies, while holding a broadly favourable position to global shares, given their positive momentum.

## Market Review

The March quarter saw further strong gains in many financial markets. Inflation in the US, while not falling in a straight line, pulled back further, with the CPI shown to be 3.2% yoy as at the end of February, slightly lower than levels shown in the previous quarter, whilst the core PCE (Personal Consumption Expenditure) fell to 2.8% on an annual basis, nearing the Federal Reserve's (Fed) target of 2%. Inflation also generally continued to reduce elsewhere around the globe. The US labour market showed some signs of weakness, with jobless claims rising and average hours worked down and the unemployment rate continuing to slowly rise. US economic growth meanwhile remained positive, though negative GDP growth was experienced in countries such as the UK, Finland, Ireland, Canada and Germany. Markets however generally remained positive, while central banks were mostly slightly dovish, as a soft landing scenario seemed to be playing out in many economies.

Japan remained somewhat of an exception to the global interest rate cycle, as its central bank finally raised rates to positive levels after more than a decade of ultra-aggressive stimulus designed to help reflate its long-time stagnating economy. Along with the rate rise, the country's 'yield curve control' policy was wound back, as was the central bank's purchasing of Japanese equities; a policy which has seen the Bank of Japan (BoJ) buy nearly US\$0.5 trillion worth of Japanese equities over the past 14 years. Elsewhere in Asia, the Chinese economy continued to face ongoing structural challenges of falling economic growth, broad regulatory concern, local government debt issues, financial troubles in the property sector, employment demographic concerns and poor consumer confidence.

On the geopolitical front, the death toll in Eastern Europe continued, as Russia appeared to gain more of an upper hand, capturing further significant Ukrainian territory, including the city of Avdiivka in the Donetsk region. At the same time, the long-term sustainability of international financial support for Ukraine was a growing talking point, with more now questioning the apparent lack of diplomatic effort towards creating a path to peace. The death toll also rose in the Middle East, as the Israel-Hamas war continued, as did skirmishes around Israel's borders with Lebanon and Syria with Iranian-funded Hezbollah, who are considerably better armed than Hamas. Pertinently, the upcoming US election also came further into focus, particularly with regard to its potential impact on these global conflicts.

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## Availability

<b>Product Name</b>	<b>APIR</b>
SignatureSuper	AMP1886AU

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



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