

AMP MySuper 1960s

Quarterly Investment Option Update

30 June 2020

Aim and Strategy

Aims to achieve a rate of return of 2.5% above the Consumer Price Index, after fees and superannuation tax, over the suggested investment timeframe. This investment option gives you an investment solution that takes you all the way through your superannuation savings journey. This approach, known as lifecycle investing, delivers an investment strategy that continuously evolves to align with the changing stages of an investor's life. It takes the hard work out of deciding how to invest your savings by providing the simplicity of a single investment choice. This investment option is an age-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. For investors approaching retirement, investments will focus more on preserving the capital built up and reducing risk. 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 Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	10 years
Relative risk rating	Medium to High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International shares	23
Australian Shares	19
Australian Fixed Interest	14
International Fixed Interest	12
Unlisted Property and Infrastructure	8
Growth Alternatives	8
Cash	8
Defensive Alternatives	5
Listed Property and Infrastructure	3

Actual Allocation	%
International Shares	23.23
Australian Shares	18.94
Listed Property and Infrastructure	3.97
Unlisted Property and Infrastructure	6.53
Growth Alternatives	7.46
International Fixed Interest	15.66
Australian Fixed Interest	13.63
Defensive Alternatives	4.10
Cash	6.48

Fund Performance

After a volatile March quarter, AMP MySuper 1960s delivered strong performance over the final quarter of the 2019-20 financial year. Growth assets, particularly shares, provided the largest contribution to returns, partially recovering from their lows experienced at the height of the COVID-19 pandemic in late March.

Investor sentiment improved throughout the June quarter as global central banks and governments adopted stimulus programmes and started reopening economies. Growth assets experienced a sizeable rebound in this environment despite the ongoing risk surrounding COVID-19. By quarter end, developed and emerging market shares had risen 18.5% and 16.7% respectively (in local currency terms) boosted by positive employment and business confidence data releases. Australian shares also rallied, gaining 16.5%. The more interest rate sensitive assets, such as bonds and credit, also generated gains on the back of liquidity support from central banks. Direct property and infrastructure returns were constrained as asset revaluations captured the impact of COVID-19 and weighed on prices.

While the returns experienced over the June quarter, on the back of supportive fiscal and monetary policy, were remarkable, we remain cognisant of the prevailing risks associated with COVID-19 in the near term. With certain economies continuing to experience rising infection rates, the possibility of a 'second wave' could lead to further social distancing measures being imposed, or economies reverting to lockdowns. Ultimately this leaves markets susceptible to a correction in the short term, which is likely to cause bouts of volatility. Given this, we maintain a highly diversified portfolio to mitigate and diversify risk away from share market movements, while holding a close to neutral growth-defensive split. We have also tilted out of government bonds into investment grade credit markets as they are presenting more attractive yields and receiving liquidity support from global central banks.

Market Review

As expected, global markets were heavily impacted by COVID-19 government restrictions and the flow-on effects of lockdown. Equities were volatile as shifting sentiment created swings between a risk-on and risk-off bias. Despite this, there was a net sharp rally over the quarter in equity markets as some COVID-19 lockdown measures started to be unwound. This leaves equity markets open to the risk of a correction. COVID-19 impacts were aggravated by increasingly acrimonious relations between the US and China. In addition, there is the risk of further waves of COVID-19, especially in the more densely populated countries, and the potential for economies to fall back once working capital supplied by government policies peters out and companies review their strategies and demand. The World Bank, the Organisation for Economic Co-operation and Development, and the International Monetary Fund all indicate they expect the worst global recession since the Great Depression.

In the US, the Federal Reserve (Fed) significantly increased its COVID-19-related lending programmes. Fed Chairman Jerome Powell suggested the central bank will use its "full range of tools" and act "forcefully, proactively and aggressively until it is confident the economy is on the road to recovery". He also said the central bank still had plenty of options available, with the expectation that monthly bond purchases will increase.

Availability

Product Name	APIR
AMP Flexible Super	AMP1900AU
CustomSuper	AMP1900AU
Flexible Lifetime - Super	AMP1900AU
SignatureSuper	AMP1888AU
SignatureSuper Select	AMP1888AU
SuperLeader	AMP1894AU

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



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