AMP MySuper Capital Stable

Quarterly Investment Option Update

30 June 2020

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.

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	No minimum
Relative risk rating	Medium
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Fixed Interest	18
International Fixed Interest	18
International shares	16
Australian Shares	15
Cash	13
Listed Property and Infrastructure	8
Defensive Alternatives	6
Growth Alternatives	6
Unlisted Property and Infrastructure	0

Actual Allocation	%
International Shares	16.04
Australian Shares	14.99
Listed Property and Infrastructure	7.61
Growth Alternatives	3.99
International Fixed Interest	19.65
Australian Fixed Interest	19.49
Defensive Alternatives	4.63
Cash	13.62

Fund Performance

After a volatile March quarter, AMP MySuper Capital Stable 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.

Over the period, interest rate sensitive assets, such as bonds and credit, generated gains on the back of liquidity support from central banks. However, growth assets experienced a sizeable rebound due to improved investor sentiment as global central banks and governments adopted stimulus programmes and started reopening economies. Developed and emerging market shares gained 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%. 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	AMP1898AU
CustomSuper	AMP1898AU
Flexible Lifetime - Super	AMP1898AU
SignatureSuper	AMP1886AU
SignatureSuper Select	AMP1886AU
SuperLeader	AMP1892AU

Contact Details

Web: **www.amp.com.au**
Email: askamp@amp.com.au
Phone: 131 267

INSIGHTS
IDEAS
RESULTS

What you need to know

This publication has been prepared by AMP Limited ABN 49 079 354 519. The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Group and AMP Life Limited ABN 84 079 300 379, AFSL 233671 (AMP Life) receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (AMP MySuper Capital Stable). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, AMPCFM, ipac, AMP Life, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past Performance is not a reliable indicator of future performance.