



AMP MySuper Capital Stable

Quarterly Investment Option Update

31 December 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/performance

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	No minimum
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International shares	18
International Fixed Interest	17
Australian Fixed Interest	17
Australian Shares	17
Cash	10
Listed Property and Infrastructure	8
Growth Alternatives	7
Defensive Alternatives	6
Unlisted Property and Infrastructure	0

Actual Allocation	%
International Shares	18.27
Australian Shares	17.73
Listed Property and Infrastructure	2.87
Growth Alternatives	3.34
International Fixed Interest	21.13
Australian Fixed Interest	16.81
Defensive Alternatives	4.52
Cash	15.32

Fund Performance

AMP MySuper Capital Stable capped off 2020 with a solid return over the December quarter, continuing the impressive rebound since the March quarter lows. As has been the case for most of the second half of the year,, the momentum of growth assets continued to drive performance. The large allocations to defensive assets were broadly flat – but remain important in protecting member capital.

Geopolitics, stimulus relief and COVID-19 news dominated investor sentiment over the quarter. In the US, market uncertainty was quelled as Joe Biden was confirmed by the electoral college as the President Elect of the United States. Additionally, the signing of the economic stimulus relief bill, the CARES Act, provided further reprieve and economic support. On the COVID-19 front, rising infection rates across the US and Europe, and the reinstating of restrictions, was eclipsed by the welcomed announcement of three potential vaccines. Overall, the S&P/ASX 200 index finished up 13.7% while the MSCI World ex Australia index rose 12.7% (in local currency terms). Government bonds were generally unchanged as yields were largely range bound, while credit markets rallied due to the 'risk-on' tone. Unlisted assets and alternatives also gained.

Relative to benchmark, the option performed well over the quarter. The decision to hold overweight allocations in listed real assets at the expense of bonds, boosted relative performance as riskier assets rallied and continued stimulus helped anchor yields. Active share exposures were somewhat mixed, as quantitative strategies such as quality, growth and momentum signals underperformed value – limiting outperformance.

Looking ahead, we remain cautiously optimistic for 2021. Positive market momentum has continued into the start of the new year. Ongoing easy monetary policy, fiscal stimulus, rollout of vaccines, and the resolution of many geopolitical concerns has benefitted the option. However, the sharp 'V-shaped' recovery has left markets somewhat susceptible to a correction. As such, we continue to maintain an active, well-diversified asset exposure, inclusive of alternative strategies, to help mitigate losses should share markets selloff.

Market Review

December saw some closure and improved visibility on issues that had been weighing on the market for most of 2020. Despite further COVID-19 waves, breakouts and new strains, tangible plans for vaccine rollouts in 2021 showed an improved path to normalcy. In Europe, a Brexit deal was finally agreed and signed. All-in-all, the global environment imparted a more positive backdrop at the tail-end of the year which kept equity markets supported. However, many equity markets now look stretched and signs of excessive optimism have been reflected in IPOs often trading significantly above their launch valuations, with sketchy or sometimes zero profitability.

Ahead of the US presidential election global equities exhibited mixed performance as the initial acrimonious presidential debate impacted market certainty and support. After a protracted count, Democratic candidate Joe Biden won the election, although it took significant time for the Trump administration to tacitly accept defeat and agree to co-operate with a transition of power. Post the US election, global equity markets were buoyed by increased political certainty and positive news on several viable COVID-19 vaccines.

Global markets will be looking ahead to 2021 hoping than the impact of 2020 will be able to be reversed as soon as possible once vaccine programmes start to make their full effect felt.

Availability

Product Name	APIR
AMP Flexible Super - 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



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