



AMP MySuper Capital Stable

Quarterly Investment Option Update

31 March 2021

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	19.47
Australian Shares	17.88
Listed Property and Infrastructure	8.27
Growth Alternatives	3.56
International Fixed Interest	21.19
Australian Fixed Interest	16.49
Defensive Alternatives	4.69
Cash	8.45

Fund Performance

AMP MySuper Capital Stable delivered a robust return over the first quarter of 2021, leading to a fourth consecutive period of positive performance for members. Growth assets continued to be the key driver of performance as broad-based optimism drove the share market higher, while more defensive assets weakened over the period.

Over the quarter, investors reacted positively to the execution of a US\$1.9 trillion US economic stimulus bill, the American Rescue Plan Act, put forward by the Biden Administration, as well as strong progress on the vaccine rollout in the US and UK. It is expected that with the further economic support and continued vaccination effort, global economies should be able to sustainably reopen and realise strong economic growth throughout 2021. This backdrop saw share markets and bond yields rally. Overall, the S&P/ASX 200 index ended the quarter up 4.3%, while the MSCI World ex Australia index rose 6.2% (in local currency terms) largely driven by sharp gains in value stocks and commodities. Returns from defensive assets, such as bonds and credit, were constrained as yields rose. Unlisted assets and alternatives also gained as revaluations boosted returns.

Relative to benchmark, the Option performed well over the March quarter. Active share exposures were a key driver of outperformance, with value strategies performing relatively well. Alternatives also generated strong returns, boosting outperformance. However, exposures to Australian and international bonds weighed on relative performance, largely due to long duration positions relative to the benchmark.

Looking ahead, we remain cautiously optimistic for 2021. As the vaccine rollout continues to gain pace globally and the hospitalisation rate continues to trend downwards, economic growth should be set to boom as economies ramp up their re-opening efforts. Against this backdrop, we look favourably upon shares relative to bonds. However, the sharp 'V-shaped' recovery has left markets somewhat susceptible to a correction. Maintaining an active, well-diversified asset exposure should help mitigate member losses should this scenario arise.

Market Review

Share markets were volatile over the March quarter overall as uncertainty increased around the potential effect of upward pressure on bond rates, evidenced toward the tail-end of the quarter, nascent inflationary pressures, and how central banks will react in the current environment. There were also some concerns over the pace of vaccine rollout in some countries, supply bottlenecks, and the general pace of economic recovery. However, countering this, global share markets saw some support in the period from improving visibility developing around these areas. Despite this, technology stocks continue to exhibit some risk-on / risk-off vacillation around potentially excessive valuations and the ongoing rotation bias from growth into value.

In the US, the US\$1.9 trillion support programme was passed in an attempt to provide further stimulus to the economy and make good an initial election promise to reduce some economic inequality. Markets are hoping the programme will be able to stimulate activity without stoking inflation. The passing of the bill has imparted some confidence to the new administration and Joe Biden gave his first press conference, albeit somewhat later than expected, with optimism.

Availability

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

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