



AMP MySuper 1960s

Quarterly Investment Option Update

31 March 2023

Aim and Strategy

The strategy aims to achieve a rate of return of 1.5% pa above the inflation rate (measured by the Consumer Price Index), after fees and superannuation tax, over the suggested investment timeframe. Returns from both capital growth and income are provided through a diversified portfolio. AMP's MySuper investment option gives you an investment solution that takes you all the way through your superannuation savings journey. This approach, known as lifestages 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 your lifetime as appropriate for the average investor born during the 1960s. For investors approaching retirement, investments will have greater focus on seeking to preserve the capital built up and reducing risk whilst maintaining an exposure to growth assets. 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 this product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	5 years
Standard Risk Measure	6/High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian Shares	23
Global Shares	29
Property	7
Infrastructure	6
Alternatives	5
Fixed Interest	24
Cash	6

Actual Allocation	%
Global Shares	27.10
Australian Shares	22.81
Listed Property and Infrastructure	6.04
Unlisted Property and Infrastructure	6.72
Growth Alternatives	8.27
Global Fixed Interest	15.88
Australian Fixed Interest	8.28
Cash	4.91

Fund Performance

Despite inflation levels remaining elevated, signals of a potential peak were well received across most major markets, translating to a positive quarter for the 1960s Option.

With key allocations to bonds, cash, and equities; complimented by smaller allocations to alternatives, direct property and direct infrastructure, the Option was positioned to participate in a strong opening quarter. Positions in Australian equities and international equities generated positive returns as inflationary pressures showed signs of easing. This was despite added volatility from recessionary and geopolitical concerns as well as shocks to banking sectors in the US and Europe following collapses of Silicon Valley Bank then Credit Suisse. Performance of allocations to alternatives, direct property, direct infrastructure and private equity was mixed over the period, falling short of equity market gains. Bond allocations provided strongly positive returns as interest rates fell and central banks signalled that they were prepared to pause the rate hiking cycle.

The Option outperformed its CPI objective over the quarter, but remains behind over 12 months, following the sharp rise in CPI in combination with broad based corrections across equity and bond markets in 2022.

Looking ahead, we are beginning to see pockets of stress and a softening in economic data which we expect to translate to slower growth over the next 12-18 months. We have also seen indications of a peak in inflation and we expect to see a continuation of its recent downtrend throughout this year. Given the environment, we believe it is important for members to maintain and active well diversified asset exposure for potential risk mitigation. We are overweight diversifying assets and high-quality fixed income, such as government bonds, as we expect these assets to provide good defensiveness and return prospects moving forward.

Market Review

The earlier half of the March quarter saw growth markets generally gain ground as inflation, while still high, continued to exhibit signs of falling, fanning expectations the US Federal Reserve (Fed), along with other central banks, would soon ease hawkish monetary policy. In mid-February however, US CPI inflation was shown to have reduced only slightly, disappointing traders betting on a larger fall. This was followed by continued hawkish comments from the Fed, which dampened market sentiment somewhat. Data released in March, however, subsequently showed a further fall in US inflation.

The more unexpected story of the quarter however came in mid-March, as relatively unknown regional US banks, Silicon Valley, Signature and Silvergate collapsed amid a run on deposits. These banks weren't able to meet withdrawal demand, as long-dated treasuries held as capital had lost significant value over the previous year amid rising yields. The Fed promptly stepped in, providing around US\$300 billion in extra credit to help ensure other banks could continue to meet funding requirements. Other major central banks also announced measures to add liquidity and guard against contagion.

Focus turned to Swiss banking stalwart Credit Suisse, which after large outflows via mass withdrawals, particularly in recent months, became financially unviable. This culminated with the bank being taken over by local peer UBS at a heavily discounted price.

Availability

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