

# AMP MySuper Capital Stable

Quarterly Investment Option Update

31 December 2022

## Aim and Strategy

The strategy aims to achieve a rate of return of 1.0% 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. As capital stability is the priority of this investment option, it will seek to preserve accumulated assets and minimise risk through the allocation to defensive assets, such as fixed interest and cash, 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](http://www.amp.com.au/performance)

## Investment Option Overview

<b>Investment category</b>	Multi-Sector
<b>Suggested minimum investment timeframe</b>	4 years
<b>Standard Risk Measure</b>	5/Medium to High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Fixed Interest	37
Global Shares	19
Australian Shares	17
Cash	12
Alternatives	5
Infrastructure	5
Property	5
<b>Actual Allocation</b>	<b>%</b>
Global Shares	18.16
Australian Shares	17.60
Listed Property and Infrastructure	10.11
Growth Alternatives	5.25
International Fixed Interest	21.61
Australian Fixed Interest	14.63
Cash	12.63

## Fund Performance

After what was a largely difficult year across most major markets, the final quarter of 2022 brought some relief for investors. Positive returns across most asset classes saw investment option performance end the year on an encouraging note after being constrained by higher inflation, rising interest rates and global growth concerns for most of 2022.

The Capital Stable investment option adopts a well-diversified strategy with key allocations to bonds, cash, and equities; complimented by smaller allocations to alternatives, direct property and direct infrastructure. Going into year-end, the investment option was well positioned to participate in the market rebound in the December quarter. Sizeable bond and credit allocations provided a modest positive return after falling for most of the year. However, most gains were derived from Australian equities and international equities generating a positive return as inflationary pressures showed signs of easing. Relative to the market index, international equities allocations performed broadly in line as a strong performance in developed market allocations was offset by weakness in emerging market holdings. Australian equity gains were slightly constrained due to weaker stock selection by managers Bennelong and ECP. Allocations to alternatives generated small gains but continue to provide important diversifying characteristics away from equity markets. The large allocation to cash also provided welcomed stability, diversifying away from falling markets in the month of December.

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

As we move into 2023, the impact of higher inflation and interest rates, as well as geopolitical concerns, remain a constant threat. However, with expectations of a recession largely priced into global markets and signals of inflationary and interest rate pressures beginning to level out, we remain cautiously optimistic for the year ahead.

## Market Review

The December quarter saw continued choppy conditions across many markets, similar to that experienced throughout the rest of 2022. While driven by familiar themes, broader market sentiment was pulled in contrary directions, perhaps due to differing timeframes of investor outlooks, as shorter-term traders unsurprisingly continued to focus on inflation prints and the pathway of rate rises, medium-term considerations tended to centre around the growing likelihood of recession, while many longer-term investors looked beyond impending recessionary conditions to what opportunities a post-downturn recovery in economic growth, along with potentially lower inflation, may bring. Around the globe, central bankers' comments remained generally hawkish, even towards the end of the quarter, despite a clear slowing in the pace of hikes. Amid all this, continued geopolitical and diplomatic developments added complexity to the broader global outlook, with Russia's war on Ukraine and Chinese government policy both remaining in the spotlight. In the meantime, the US unveiled its next generation stealth bomber, the B21, arguably adding significant weight to NATO's strategic and tactical deterrence. Elsewhere, long-standing political tensions continued to simmer between Greece and Turkey. Finally, China suddenly began its exit from its draconian 'COVID-zero' policy, injecting a shot of optimism into the global outlook, particularly in Asian emerging markets.

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## Availability

<b>Product Name</b>	<b>APIR</b>
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