

AMP MySuper Capital Stable

Quarterly Investment Option Update

30 June 2024

Aim and Strategy

The strategy aims to achieve a rate of return of 2.0% pa above the inflation rate (measured by the Consumer Price Index), after fees and superannuation tax, over a 10-year timeframe. Returns from both capital growth and income are provided through a diversified portfolio.

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	4 years
Standard Risk Measure	6/High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	17
Global Shares	19
Property	5
Infrastructure	6
Alternatives	2
Fixed Income	39
Cash	12

Actual Allocation	%
Fixed Income	42.91
Global Shares	21.65
Australian Shares	17.18
Infrastructure	6.34
Property	5.10
Cash	6.18
Alternatives	0.63

Fund Performance

Spurred on by market momentum that commenced in Q1, June quarter performance ended on a positive note for most markets. This rally resulted in another firmly positive financial year for markets and translated into a high single-digit FY24 return for Capital Stable option members.

After a choppy start to the quarter, initial concerns of a global 'hard landing' subsided in June as inflationary indicators cooled, as did the risk of a rate increase in the US. In fact, by quarter's end, some developed economies appeared to have entered a period of policy easing, delivering their first cuts to cash rates since the outbreak of COVID-19. This was well received by both developed and emerging markets.

Companies exposed to artificial intelligence added to performance over the quarter. Returns of Australian share allocations lagged global counterparts, as domestic inflation proved relatively difficult to bring under control, creating a bias towards further tightening or, at least, a 'higher for longer' rate environment. Performance of our bond allocations were constrained by a volatile outlook, however higher yielding credit allocations contributed positively overall thanks to a strong end to the quarter.

The Option underperformed its CPI objective over the quarter as markets were choppy, but was ahead over one year, following strong gains in shares and inflation tapering off. Over the long-term, whilst relative performance has improved, it remains mixed following volatile markets and above normal inflationary conditions in recent years.

Looking ahead, we anticipate the second half of 2024 to be a reasonable year for returns, bolstered by easing inflation pressures, central banks moving to cut rates and prospects for stronger growth in 2025-2026. As previously mentioned however, there remains a high risk of recession, geopolitical risks and possible delays to expected rate cuts. In this environment, we remain highly diversified across asset classes and strategies.

Market Review

The June quarter in many ways was a close reflection of recent quarters and indeed much of the 2024 financial year. Further gains in global growth asset markets were seen, as familiar themes remained dominant in economic news flow. Deflation also generally continued around the globe, though some spikes in inflation again caused some angst in interest rate-sensitive markets. Services, rather than goods, were generally the culprit of these inflationary spikes, particularly in the US. Global central banks meanwhile continued their slow shift towards cutting rates, with a number of rate cuts in Europe and the Americas, though this didn't eventuate in the US or Australia over the period. Outside of inflation, US economic data, while still somewhat resilient, weakened slightly, which again drove positive market sentiment via hopes of bringing Fed rate cuts closer, despite the central bank indicating fewer hikes were likely this year than markets were predicting.

Availability

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