

AMP MySuper 1950s

Quarterly Investment Option Update

30 September 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	37.11
Global Shares	26.44
Australian Shares	22.01
Infrastructure	6.20
Property	4.35
Cash	3.38
Alternatives	0.50

Fund Performance

The September quarter was a positive period across major markets and assets classes, with strong performance from both shares and bonds. This translated well for 1950s Option members by way of a strong absolute return for the period. Longer-term performance remains strong across most time horizons.

The sizeable allocation to fixed income assets in the Option was well supported for the quarter, as the long anticipated start of rate cuts by US Federal Reserve, in addition to softer monetary policy rhetoric from Japan's central bank led a positive return from Australian and international bond exposures as yields shifted lower. Credit allocations performed similarly, generating a positive return. Unlisted real assets and alternatives allocations' performance were somewhat constrained over the quarter, amid mixed valuations.

As has been the case for much of the year, momentum continued to aid market returns. Traders welcomed the commencement of easier monetary policy and further stimulus in China. Developed markets delivered around 6.5% (in local currency terms), with value stocks and listed real assets proving to be the key positive drivers. Emerging markets were similarly boosted by optimistic economic developments, particularly in Asia, generating positive performance after a relatively volatile couple of months. Domestically, Australian shares performed similarly to global markets, with industrial, real estate and IT sectors recording strong gains.

The Option outperformed its CPI objective over the quarter and remains ahead for the year, following significant gains in shares and ongoing inflation. Over the long-term, despite an improvement in relative performance, performance remains mixed following volatile markets and above normal inflationary conditions in recent years.

Looking ahead, we anticipate the remainder 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. 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 September quarter saw gains in most major asset classes as close to half of global central banks, including the US, UK and the Eurozone, began to cut rates. This came on the back of subdued, yet still positive economic growth and consistently falling inflation. With US inflation now close to the Fed's 2% target, an assertive rate cut from the Fed materialised late in the quarter to the tune of 50 basis points, along with firmer expectations of more to come. Monetary easing also continued outside of the US, notably in China, with more aggressive government stimulus expected to be applied in efforts to counter the nation's struggling property market.

War meanwhile unfortunately continued, both in Ukraine and Russia, and in the Middle East where fighting significantly escalated. While causing some volatility in the oil price, as is often the case, there wasn't much significant impact on investment markets.

Focus on the US election also intensified, with immigration, foreign policy (particularly with regard to global wars) and the economy being the major issues, along with two failed assassination attempts on Presidential candidate Trump occurring in July and September.

Availability

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