



# AMP MySuper Capital Stable

Quarterly Investment Option Update

31 December 2024

## Aim and Strategy

The strategy aims to achieve a rate of return of 2.75% pa above the inflation rate (measured by the Consumer Price Index), after investment fees, costs 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](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>	6/High
<b>Investment style</b>	Active
<b>Manager style</b>	Multi-manager

<b>Asset Allocation</b>	<b>Benchmark (%)</b>	<b>Actual (%)</b>
Fixed Income and Cash	41	38
Global Shares	26	28
Australian Shares	22	22
Infrastructure	6	6
Property	5	5
Alternatives	0	0

\*Allocation data may not add to 100% due to rounding.

## Fund Performance

A broadly positive 2024 for both defensive and risk assets reflected well on the AMP MySuper Capital Stable Option, which generated a strong return for investors over the year and quarter.

The Option's sizeable fixed income allocations generated a robust return for the year, with high yield credit markets in particular generating upwards of 8% for 2024 as spreads tightened. Credit and bond allocations managed to eke out a positive return amid increasing economic uncertainty in Europe, in addition to mixed rate outlooks for global central banks. For the quarter, fixed income performance was more muted given hawkish dialogue from central banks. Unlisted real assets were somewhat constrained over the year and quarter amid mixed valuations across different assets.

For risk assets, despite a constrained year-end as the Fed became more "hawkish" than investors expected, overall sentiment in 2024 was positive. Allocations in developed markets delivered over 20% and 2% for the year and quarter respectively (in local currency terms), with US economic exceptionalism and the "Magnificent Seven" stocks leading the way as US holdings broadly outperformed global counterparts. Emerging markets similarly delivered positive returns for year, but largely underperformed US markets as economic headwinds in China limited gains, despite some improvement in latter half of 2024. For the final quarter itself, performance was constrained given the threat of increasing trade tariffs and geopolitical pressures. Domestically, Australian share allocations followed global trends, though underperformed due to weakness in commodities and its economic outlook.

In this environment, the Option outperformed its CPI objective over the year and quarter, thanks to the significant gains in shares and reduced inflation.

Looking ahead, we anticipate 2025 to be a decent year for markets. Investors however should not expect the gains seen in 2024. Geopolitical risks, potential economic stagnation and stretched share market valuations all remain front of mind for investors as we head into the new year. In this environment, we remain highly diversified across asset classes and strategies.

## Market Review

The December quarter saw growth assets rise strongly. The major story of the period was the re-election of Donald Trump, who secured a majority in both the US house and the senate, providing the Republicans a strong platform to enact their agenda. Republican policy leading up to the election centred around the US economy, global conflicts and border control. Drilling and fracking for oil and gas is set to significantly rise, while national spending, tax and regulations are all flagged to be cut. The drop in government revenue will likely be offset by higher tariff rates on imports to the US. Aside from the US election results, the quarter saw further interest rate cuts around the globe, including two in the US, as global inflation pressures continued to cool, especially within the services sector. US economic growth figures released during the quarter also remained strong, though European figures indicated conditions close to recessionary levels. In Asia, confidence remained elevated in Japan on continued signs the economy may be emerging from decades of low growth, while in China sentiment took a hit on the election of Donald Trump given potential increases in tariffs on Chinese exports, despite a wide range of both fiscal and monetary stimulus measures being rolled out.

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## Availability

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