



Core Retirement Fund

Quarterly Communication — Platform

September 2024



The Fund aims to provide smooth and steady returns by investing in a portfolio of assets spread across different classes, sectors and geographies.

The Fund is actively managed and has the ability to change the portfolio's asset mix in order to navigate the ups and downs of the investment cycle. It also uses risk management strategies to help protect savings from market falls which is important for investors who will be drawing down on their savings to fund their retirement.



This quarter in brief

Commentary

The Fund produced a strong absolute return for the quarter, as equity and bond markets rallied, although with some volatility and change in leadership within share markets, as large cap technology lagged and areas such as small companies outperformed. Growth concerns early in the quarter were subsequently allayed in later weeks as employment data and economic data more broadly began to improve, inflation continued to soften, and central banks began rate cuts. Later in the quarter, China began what appeared to be a more meaningful set of stimulus programmes, which sparked large rallies in associated markets, including Australian resources. Also, of importance were softening in large technology company earnings, which saw US technology stocks underperform.

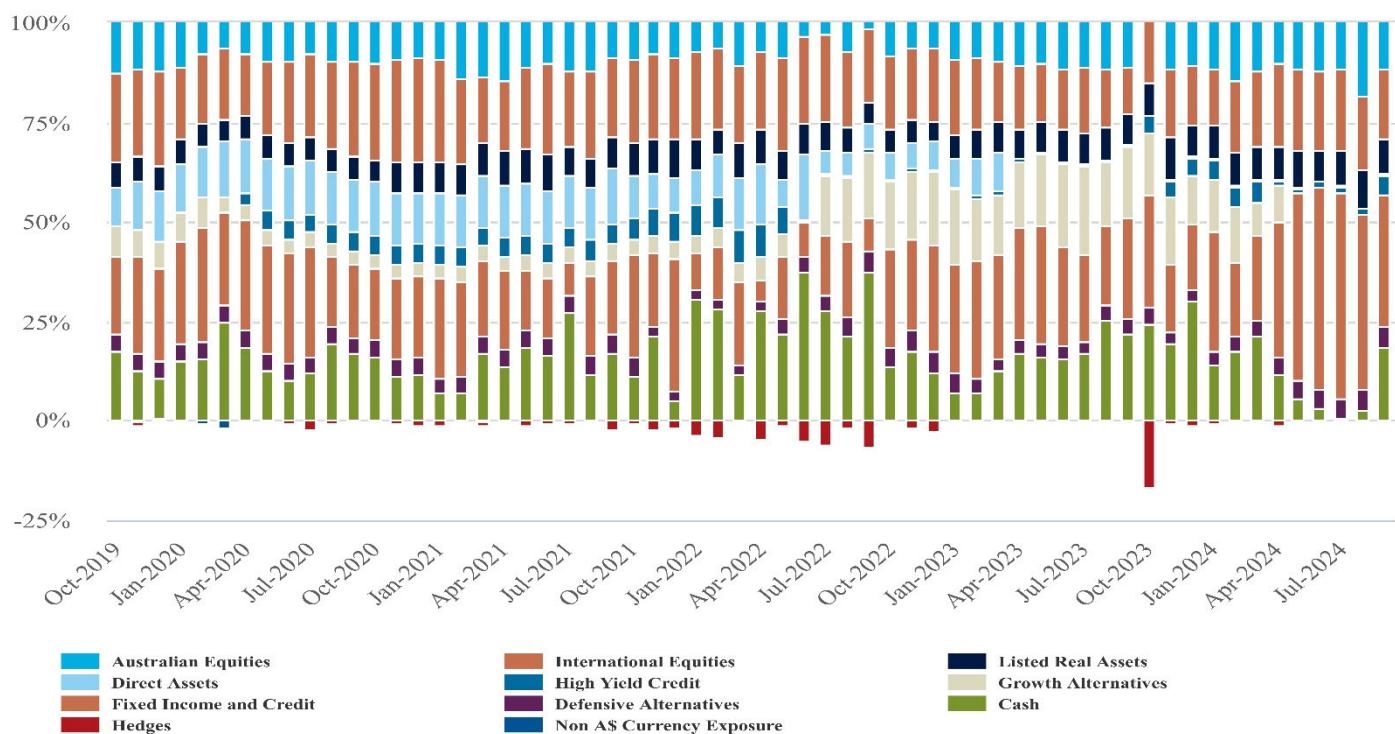
Portfolio activity:

The Fund made several changes during the quarter. Overall interest rate exposure was reduced, as bond yields had fallen quickly just as economic data began to improve at the margin. This was done through our US Corporate Bond ETF. Australian government bond exposure was also reduced somewhat to take profit, as domestic data also slightly improved. Emerging market (EM) bond exposure was meanwhile reintroduced, as their pricing had improved relative to other high yield debt, whilst at the same time the Fed began cutting interest rates, providing a likely tailwind for emerging markets once these cuts eventually gain momentum. Profits were also taken on a relative value position between Spain and Germany, due to better Spanish earnings trends and economic data. The portfolio is running slightly above its neutral risk level, driven by overweight positions in international equities. These are however somewhat offset by underweight positions in Australian equities and credit markets more broadly.

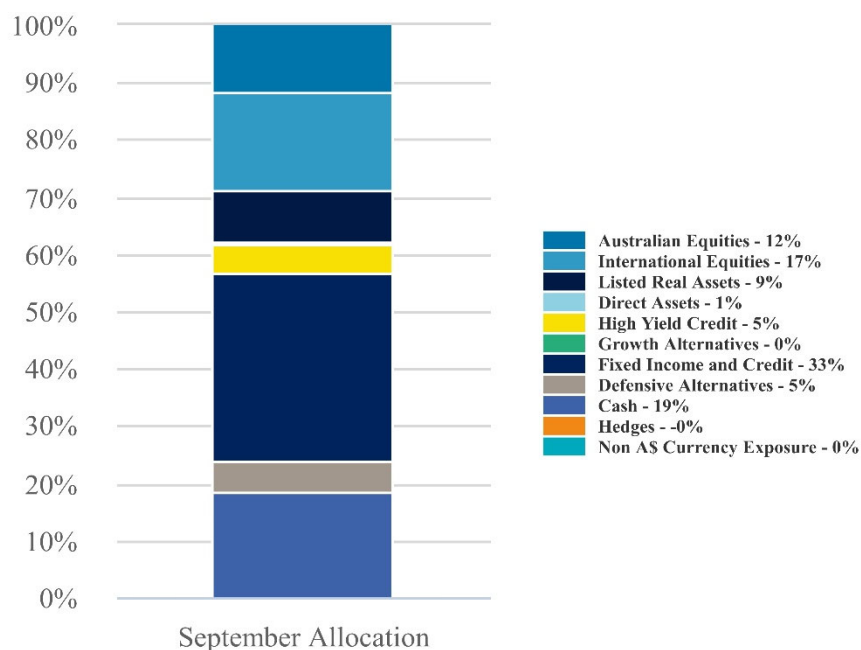
Outlook

Markets have focused heavily on better global earnings expectations, rate cuts and softer inflation; essentially embracing the soft-landing scenario. This outlook still appears challenged however, amid contracting global manufacturing activity, high real yields and a high cost of living. In Australia, the economy is still experiencing a challenging GDP trend, high interest rates and savings rates that have been falling given cost of living pressures. Australian companies have provided somewhat negative earnings guidance over recent months; however, the market has embraced the potential benefit of lower inflation and rate cuts, reflected in still high valuations overall. Also notable is a very wide gap between expensive and cheap stocks, offering potential for outperformance from very cheap, but in some cases quite defensive stocks. Emerging markets offer cheaper options and despite China's very real structural problems, we believe a genuine stimulus effort would offer outsized gains.

Flexible allocations to navigate market movements



A mix of assets to manage risk



Here's how the fund performed

	1mth %	3mth %	1yr %	2yr %	3yr %	5yr %	Since Inception %*
Total return (before fees & incl. franking credits)	1.21	4.48	11.10	4.59	1.41	2.26	3.25
CPI + 3.5% (gross of fee objective)	0.63	1.90	7.26	8.15	9.09	7.60	6.75
Excess return above objective	0.58	2.58	3.84	-3.56	-7.69	-5.34	-3.50
Total return (after fees & incl. franking credits)	1.27	4.60	11.43	4.91	1.89	2.68	3.67

* Past performance is not a reliable indicator of future performance. The inception date for unit Class A is 21 July 2016. Performance is annualised for periods greater than one year. Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after Class A fees and costs, and assume all distributions are reinvested.

FUND DETAILS

Inception date	21 July 2016
Fund size	\$45.12 million
Distribution frequency	Quarterly
APIR code	AMP2087AU
Suggested minimum investment timeframe	5 years

Investment objective	The Fund aims to deliver returns of CPI + 3.5% (before fees, inclusive of franking credits) over rolling five years. This return objective is based on modelling by AMPI to test income volatility at various levels of risk which concluded this to be the level suitable for retirees drawing down capital. The Fund is managed to a targeted absolute volatility range of 3 - 7% over five years. These return objective and risk management parameters are internal targets only, and do not form part of the externally disclosed investment objective for the post-retirement Funds. The performance benchmark of the Fund is CPI + 3.5% before fees and inclusive of franking credits.
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*Inflation means the Reserve Bank of Australia inflation rate (Consumer Price Index) – trimmed mean (published on rba.gov.au).



MATTHEW HOPKINS
Portfolio Manager

Matthew is lead Portfolio Manager for the Multi-Asset Fund, Income Generator and Core Retirement Fund. Matthew chairs the working group for the Multi-Asset Fund and is responsible for portfolio construction, risk management, research, and hedging. In his role within the portfolio management team, Matthew also participates in a wider variety of client-related investment solutions for AMP Investments and has extensive experience in portfolio construction, managing alternative assets, and investment risk analysis. Matthew joined AMP Ltd in 1989. Subsequently, he has held various positions including as a portfolio manager in global edge funds, divisional director of investment risk (research and strategy, Henderson Global Investors, London) and head of portfolio analytics (UK equities, AMP Asset Management, London).



BRAD CREIGHTON
Portfolio Manager

Brad is the co-Portfolio Manager for the Multi-Asset Fund, Income Generator and Core Retirement Fund. As a Portfolio Manager for AMP Investments since 2018, Brad brings 15 years of financial markets and portfolio management experience. Prior to joining AMP, Brad spent 4 years as a portfolio manager at Millennium Capital Partners, one of the world's leading hedge funds, where he successfully managed a discretionary global macro portfolio. Brad has also enjoyed experience as a Senior Macroeconomic Strategist at Optiver, Market Risk Manager for Aviva and Credit Suisse, and a Trader for the Commonwealth Bank's proprietary trading division. In addition to his portfolio management responsibilities at AMP, Brad is a member of the Dynamic Asset Allocation working group where he contributes quantitative research and analysis for the purpose of enhancing the investment outcomes of AMP's diversified portfolios with \$A80 billion funds under management. Brad holds a Master of Commerce (Banking and Finance) from Griffith University.

CONTACT DETAILS

For more information on the Fund including fees, product features, benefits and risks, talk to your adviser or call us on 133 267 or visit www.amp.com.au/investments

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