AMP MySuper 1990s

Quarterly Investment Option Update

30 June 2022

Aim and Strategy

The strategy aims to achieve a rate of return of 3.5% 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.

AMP's MySuper investment option gives you an investment solution that takes you all the way through your superannuation savings journey. This approach, known as lifestages investing, delivers an investment strategy that continuously evolves to align with the changing stages of an investor's life. It takes the hard work out of deciding how to invest your savings by providing the simplicity of a single investment choice.

This investment option is an age-based investment, meaning that the strategy of this investment option will change progressively over an investor's lifetime to meet the objective of the average investor born during the 1990s.

This means that younger investors will have higher exposure to growth investment strategies because they have a longer period to retirement and can afford to take more risk. However, for investors approaching retirement, investments will have greater focus on seeking to preserve the capital built up and reducing risk 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

Investment Option Overview

Investment category	Multi-Sector
Suggested minimum investment timeframe	10 years
Relative risk rating	High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	**Benchmark (%)**
Global shares	38
Australian shares	33
Growth alternatives	12
Unlisted infrastructure	4
Unlisted property	4
Defensive alternatives	2
Global listed infrastructure	2
Global listed property	2
Australian fixed interest	2
Cash	1
Global fixed interest	0

Actual Allocation	**%**
Global Shares	37.21
Australian Shares	31.93
Listed Property and Infrastructure	5.99
Unlisted Property and Infrastructure	4.76
Growth Alternatives	9.78
Global Fixed Interest	4.73
Australian Fixed Interest	1.72
Cash	3.87

Fund Performance

The 1990s option endured a volatile end to the 2021/22 financial year, generating a negative return in the June quarter. Continued inflationary concerns, rising interest rates and conflict in the Ukraine limited any upside for investment markets over the quarter and year. However, despite near-term volatility, longer-term absolute performance remains positive.

With markets continuing to react negatively to persistent inflation and a rising rate environment, it remains important to be diversified across asset classes. In the 1990s option we maintain a focus on capital growth through investing primarily in equities and other growth assets and employ a variety of underlying managers in attempt to lessen downside impact of volatile markets. Over the last quarter, these assets along with smaller allocations to bonds have largely been constrained, generating negative returns. Despite weaker absolute performance, the option's international equities allocations outperformed the market index, with manager AQR a standout, as strong stock selection in consumer discretionary and IT sectors boosted returns. Similar can be said with Australian equities, which clawed back a portion of previous underperformance versus benchmark. Additionally, certain credit strategies provided some respite relative to the benchmark, as allocations to bank loans were largely immune to the dramatic interest rate reset.

Despite outperforming market benchmarks, the option underperformed its CPI objective over the quarter and the financial year as a whole, following the sharp rise in CPI and in combination with broad based corrections across equity and bond markets.

Looking ahead, as the Ukraine crisis, inflation and monetary tightening remain constant threats, markets are likely to remain volatile. Despite the potential for short-term fluctuations, there are some green shoots of easing inflationary pressures which would be well received by investors. Given this, we remain cautiously optimistic for equity markets.

Market Review

The June quarter saw pessimistic global sentiment continue to drive further falls across various markets and asset classes, as traders began to price in a growing likelihood of recession, against a backdrop of hawkish central banks aggressively hiking rates to combat inflation. There were however some positive through the quarter, with China pulling-back some of its harsh COVID restrictions providing some much-necessary relief on ports and supply chains, as well as some tentative signs that goods inflationary pressure in the US may be slightly easing. Russia's war on Ukraine meanwhile rolled on, wreaking havoc on global energy markets, particularly in Europe – not to mention the terrible human cost.

Availability

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