



AMP MySuper Capital Stable

Quarterly Investment Option Update

31 December 2023

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	39.04
Global Shares	19.52
Australian Shares	17.52
Infrastructure	6.24
Property	5.29
Alternatives	3.07
Cash	9.32

Fund Performance

As was the theme for most of the year, 2023 ended on a positive note with both share and bond markets generating strong returns as inflation fell and markets anticipated lower interest rates. This translated well for both the Q4 and 1-year return of the Capital Stable Option, which generated a strong positive return over these time periods.

The large allocations to both bonds and investment grade credit excelled over the period, proving to be a key driver of returns as interest rates shifted lower following promising signals from global central banks on cutting rates in 2024. Similarly, domestic and international share exposures rallied on stronger than expected economic growth, following continued resilience in the global economy. Active stock selection across equity allocations was mixed, resulting in underperformance relative to respective benchmarks. Alternatives exposures were somewhat constrained over the quarter amid weaker valuations, particularly when compared to share markets.

The Option outperformed its CPI objective over the quarter and is ahead over 1-year following strong gains in share markets and inflation levels 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 2024 to be a broadly positive year for markets, helped by peaking and eventually falling interest rates - but it is not without risks. The timing of interest rate cuts remains uncertain as central banks continue to monitor the economy and inflation, with a considerable risk to markets that rate cuts may come later than expected. Recessionary risks also remain, given tighter lending standards and stalling consumer spending globally. In this environment, we remain highly diversified across asset classes and strategies, and have shifted to a broadly neutral position across most asset classes, limiting active risk across the portfolio.

Market Review

The December quarter began with falling financial markets on the back of continued difficult economic conditions. News-flow then promptly gave way to geopolitics, as Israel suffered a mass-scale terrorist attack at the hands of Gaza-based terrorist group, Hamas. Unsurprisingly, this resulted in a swift declaration of war on Hamas, which has sadly led to significant further bloodshed of innocent civilians in and around the Gaza strip. Implications for the global economy were generally not significant over the remainder of the quarter, although threats of further escalation saw a notably increased naval presence to the Mediterranean.

Mid-quarter saw sentiment turn strongly positive, with stocks surging higher and bond yields falling significantly as global inflation resumed its downtrend, economic growth remained positive, and US economic productivity showed significant improvement. Accordingly, most central banks remained on pause with rate-rises. There were also positive developments on the geopolitical front, with US and Chinese Presidents Biden and Xi meeting face to face in California, signalling a will to improve dialogue between the nations.

Markets rallied further throughout December across most regions and asset classes, as falling inflation, particularly in Europe and the US, led to increased expectations of rate cuts in 2024 and the "higher for longer" prognosis beginning to unwind.

Availability

Product Name	APIR
SignatureSuper	AMP1886AU

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying investment manager only and not necessarily the views of AMP Limited ABN 49 079 354 519 (AMP Group). No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement (PDS) for the relevant product, available from the issuer or your financial planner.

Any advice in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in. The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.