AMP MySuper

A lifecycle investment solution

One fund over the working life of your employees

We understand that for many Australians, choosing an investment option for their superannuation can be confusing and overwhelming – and your employees are no different.

AMP MySuper makes it easy for your employees to invest their superannuation savings to ensure they stay on track towards their retirement.

As your employees transition through life, so does their super

AMP's MySuper offer is a 'lifecycle' solution, which aims to ensure employees' superannuation investments will deliver a comfortable retirement, regardless of whether they make an active investment choice in super.

By lifecycle we mean an investment strategy for employees that is based on their decade of birth and therefore tailored to their age and risk profile. Lifecycle funds allow members to remain in one fund over their working life. Rather than employees changing funds as they age, it is the investment strategy of their lifecycle option that will adapt progressively based on the employees' changing investment needs and risk profile.

The AMP MySuper lifecycle investment options

Decade of birth	AMP MySuper investment option
Prior to 1950	AMP MySuper Capital Stable
1950s	AMP MySuper 1950s
1960s	AMP MySuper 1960s
1970s	AMP MySuper 1970s
1980s	AMP MySuper 1980s
1990s	AMP MySuper 1990s

Each employee's super contributions are invested into the AMP MySuper lifecycle investment option specific to their decade of birth.

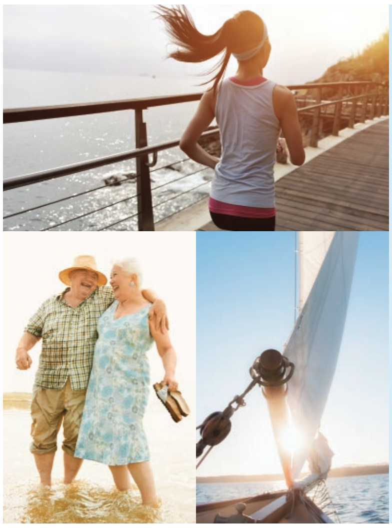
How does lifecycle investing work?

Employees are invested into an AMP MySuper lifecycle investment option according to their date of birth. The investment strategy of each option differs based on the age of the members in each option.

For example, younger employees such as those in the 1990s and 1980s options will have higher exposure to growth assets such as shares as they have a long time before retirement and can afford to take more risk (and need to do so to grow their super balance).

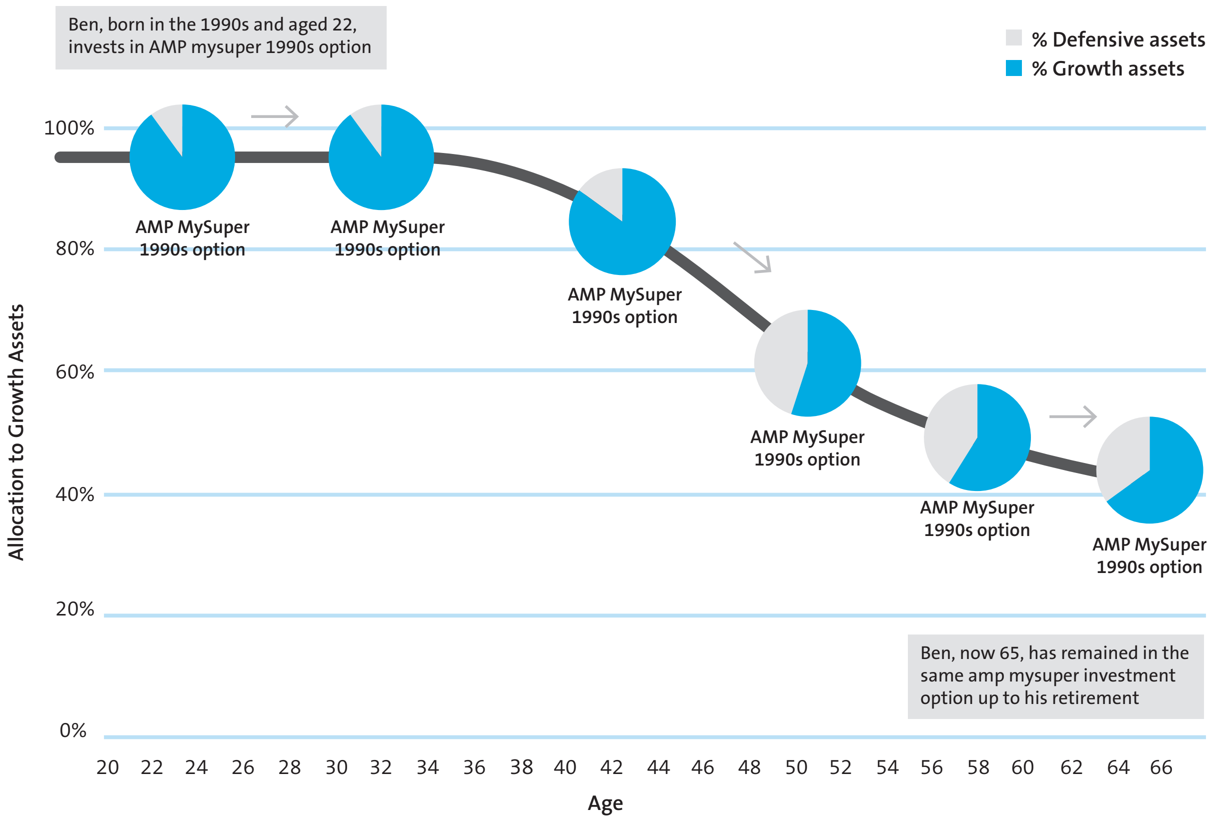
For older employees nearer or in retirement, their lifecycle options – such as the 1950s and Capital Stable options – will hold less growth assets and more defensive assets such as bonds and cash, in order to reduce risk and protect the capital they have built over their working lives.

Each option follows a glide path, which indicates the appropriate allocation to growth assets at every age. By following the glide path, the mix (or allocation) between growth and defensive assets will gradually and progressively change as the employees age and move towards retirement. This gives employees peace of mind regarding their superannuation allowing them to feel confident by remaining in one option over their entire working life.



What is the glide path?

The glide path determines the appropriate investment mix of the lifecycle option throughout an employees working life. The glide path reduces the exposure to growth assets and increases the exposure to defensive assets as the employees in each lifecycle option move closer to retirement.

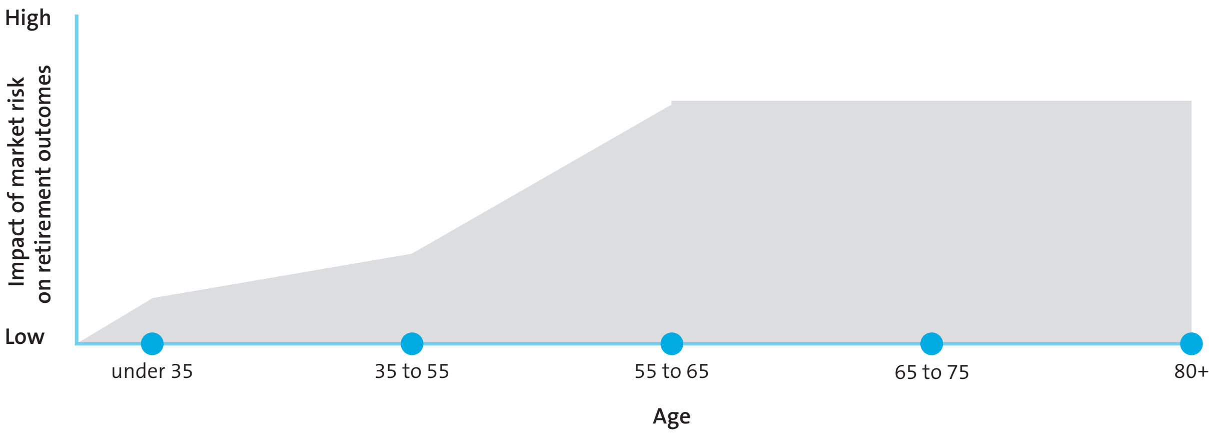


Managing risk as your employees approach retirement is critical

AMP's MySuper lifecycle investing approach for default employees focuses on the goal of a comfortable retirement. Your employees' investment goals and priorities change through time, so it is important that their investment strategy has the ability to adapt.

Growing one's superannuation balance aggressively is important early in life, whereas capital stability and preservation become more important as employees age. Your employees will face a number of investment risks in their lifetime. For example, sequencing risk is a key risk for employees nearing retirement.

Sequencing risk is the possibility of a big downturn in markets (like the global financial crisis) just before or after an employee retires. It is a problem because there is little time for retirement balances to recover losses after a downturn. If a significant event, such as a 20% fall in markets, was to occur close to retirement – which is typically the point of maximum wealth for the average employee – it will hurt more than if it occurred at an earlier stage of life when the employee's super balance is smaller and there is more time to make back any losses.



Source: AMP Capital. For illustrative purposes only.

AMP's MySuper lifecycle options are designed to focus on the objectives of stability and capital preservation in the years before and around retirement. AMP employs a rigorous and diligent approach to risk management for employees at this stage, while seeking to mitigate sequencing risk by applying scenario and stress testing techniques across the underlying portfolios.

What are the benefits for your employees?

Investment without the fuss

Rather than employees having to remember to switch options as they age, it is the investment strategy and asset mix of their lifecycle option that will adjust over time. This aims to protect their super balance from negative market movements as they approach retirement.

Diversification across a wide range of asset classes

AMP’s MySuper lifecycle options ensure your employees are invested across a wide of range of asset classes, both domestically and internationally. This includes equities, bonds and credit, property and infrastructure – both direct and listed, and alternative assets such as private equity.

No additional fees

Your employees avoid paying switching fees because they remain in one option.

Peace of mind

Employees can have confidence in knowing the investment strategy of their superannuation option is managed according to their investment needs and the risk profile appropriate for their stage of life.

Potential for smoother performance

Investment options are actively managed to negotiate the ups and downs of the market, using a process called dynamic asset allocation.

What is dynamic asset allocation?

Through dynamic asset allocation, AMP can adjust the mix of investments across asset classes in response to market changes. For example, when markets have fallen, the investment options may increase their investment in growth assets such as shares (as they tend to be cheaper at this point), above the preset glide path weight. Conversely, when markets are peaking, thus potentially more expensive, the options are likely to increase investment in defensive assets. This, as part of a well-diversified portfolio, can deliver a smoother pathway of returns for employees.

What are the benefits to you as an employer?

Satisfaction and reassurance

Satisfaction and reassurance that as an employer, you are providing an innovative solution for your employees that is goals-based, therefore specifically designed around your employees' goal of securing a comfortable retirement.

Comfort

Comfort knowing retirement outcomes for your employees are tangible, especially for those who are not active in making an investment choice.

Access

Access to investment expertise and insights from our dedicated fund manager, AMP Capital.

Why AMP for investing?

Partnering with AMP gives employers and their employees access to a wealth of resources including one of AMP's core businesses – AMP Capital, a leading investment manager.

With a global presence, AMP Capital has over $151 billion in funds under management, made possible by the long and prestigious heritage across real estate and infrastructure investing, expertise in fixed income and equities, and skill in multi-asset investing through the specialist 'Multi-Asset Group'.

Formed in 2009, the Multi-Asset Group comprises 40 investment professionals with an average of 16 years investment experience. Its capabilities include investment strategy and economics, investment solutions, risk and exposure management, portfolio construction and management, dynamic asset allocation and multi-manager research.

It's this team of experienced multi-asset investment managers who have investment responsibility for the AMP MySuper lifecycle options.

Experience and leadership within the Multi-Asset Group and across the broader AMP Capital business provides deep insights into ever-changing markets. The depth of these insights puts AMP Capital at the forefront of developing contemporary investment solutions, and bringing premium offers such as the AMP MySuper lifecycle options to the marketplace. These investment products are designed to help clients achieve their investment and superannuation goals, giving employers confidence that their employees are well-placed to achieve comfortable retirement outcomes.

Some frequently asked questions about AMP MySuper

1.

Why did AMP choose a lifecycle approach for their MySuper solution?

AMP believes in offering a high-quality investment option for default members. The lifecycle approach represents AMP's best thinking around superannuation and investing for members' retirement outcomes.

Under the lifecyle approach, employees are grouped together in options based on their age. This provides insight into the risk profile of members in each lifecycle option, enabling AMP to manage each option on behalf of a cohort of members with similar circumstances. It also creates flexibility, allowing AMP to respond more directly to the investment needs of members of a certain age. The lifecycle approach allows AMP to tailor the options to suit employees' changing investment needs over their entire working life.

2.

What makes AMP's MySuper different to other superannuation funds also using a lifecycle approach?

There are four key points of differentiation:

– **Active asset allocation.** Some competitor funds use a set and forget strategy, where the asset mix is largely unchanged regardless of how markets move. AMP uses a proven process—dynamic asset allocation—to make asset allocation adjustments depending on market conditions, whether to capture market opportunities to add value or to shift defensively to protect the portfolio in the event of expected market falls.

– **Active management of underlying asset classes.** Using active managers increases the scope to add value and deliver enhanced returns to your employees.

– **AMP's direct and alternative asset programs.** The lifecycle options invest across a broad range of traditional asset classes, but also direct and alternative assets such as direct infrastructure and private equity. Alternative assets can behave and perform very differently to traditional assets such as shares and bonds. Holding a combination of traditional and alternative asset types is an important diversification strategy, which can provide smoother returns and downside protection for employees.

– **Targeted investment strategies for different age groups.** We ensure that the mix of assets is relevant and appropriate for the underlying members in each option. For example, younger employees will have higher allocations to investments such as direct property and private equity, which have a long time horizon. Older employees will have their portfolio focused more on investments that deliver income and stability such as listed infrastructure, cash and bonds.

3. What does 'active asset allocation' mean and how does this differ to a passive strategy?

At any one point in time, the particular mix of asset classes held in an AMP MySuper lifecycle option will not always be exactly the same as the preset glide path. This is because the AMP lifecycle options employ active or dynamic asset allocation, which allows a certain degree of tilting around the neutral glide path position. Some competitor lifecycle products utilise a passive strategy, meaning they follow a static glide path. An active approach to asset allocation enables the lifecyle options to capitalise on shorter-term inefficiencies or opportunities created by extreme market movements. This involves identifying where threats and opportunities lie in markets and the ability to position portfolios to avoid or take advantage of these.

4. What is active management of underlying asset classes and how does AMP decide when to use it?

Our investment philosophy is based on active management. This is the belief that the skill, process and resources of a fund manager can enable that manager to deliver value over and above a neutral benchmark or index, whether by choosing specific stocks, sectors or assets. We believe this to be true in the case of most asset classes, and believe managers can outperform on the basis of the investment choices they make. Within the AMP Capital Multi-Asset Group we have a dedicated 'manager-research' team who actively seek out the best fund managers across all asset classes and markets globally. This capability enhances the ability of the lifecycle options to deliver enhanced returns to your employees. Our analysis shows that even a small amount of active return can contribute materially towards improving retirement outcomes.

5. How does lifecycle investing compare to a traditional balanced fund?

A traditional balanced fund uses a one-size fits all approach with regards to asset allocation, that is to say all members in the fund have the same asset mix regardless of their age, risk appetite or proximity to retirement. A traditional balanced fund will typically hold approximately 70% in growth assets and 30% in defensive assets, and this split will not change over the life of the fund. The investment strategy is not tailored to an employee's age, stage of life or retirement time horizon. While a balanced fund may suit some employees, AMP believes that lifecycle funds provide a greater scope for managing the assets of default or unengaged investors, as it does the investment thinking for them, ensuring that the investment strategy and asset mix is appropriate for employees depending on their age and risk profile.

6. What type of direct and alternative assets do the lifecycle funds invest in and why?

Traditionally, diversified portfolios hold a large proportion of equities and bonds, meaning they are exposed to the risks associated with these types of assets. By including direct and alternative assets in a portfolio, this reduces the overall risk arising from traditional assets. In this way, direct and alternative assets are said to be diversifying, but still have the potential to provide solid returns as well. The AMP MySuper lifecycle options invest in direct assets such as property and infrastructure, and alternative assets including private equity, absolute return strategies and high yield credit.

7. How is performance measured for the lifecycle options?

The AMP MySuper lifecycle offering has been designed with the objective of delivering a comfortable retirement outcome for employees. Reflecting this, the options are designed to deliver specific returns above an inflation target.

8. How is currency managed in these portfolios?

Each lifecycle option's currency position is actively managed and monitored by the investment team at AMP Capital. Each lifecycle option has a neutral exposure to assets denominated in foreign currency. The portfolio managers can adjust this position depending on the outlook for the Australian dollar, ie whether they expect it to rise or fall, based on the dynamic asset allocation process.

9. Is there a fund for employees born after 1999?

The AMP MySuper lifecycle offering will continue to evolve in response to market and regulatory changes, eg changes to the retirement age. Naturally, new and additional cohorts will be a part of this evolution, so that AMP may cater for employees born in the 2000s and beyond as they enter the workforce.

10. What happens when employees reach retirement?

For employees invested in the AMP MySuper lifecycle options, once they reach 67 years of age, their balance will be transitioned into the AMP MySuper Capital Stable option. It will continue to be actively managed in this fund, which has a conservative investment strategy, until the employee decides how to manage their retirement funds. The employee can leave their balance in the capital stable option, or make an investment choice at any time; and AMP can provide access to financial planners for employees at or near retirement who choose to obtain professional advice to assist with this decision.

What you need to know

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