

Australian Fixed Interest Index

Quarterly Investment Option Update

30 June 2023

Aim and Strategy

The strategy aims to provide returns that closely match the Bloomberg AusBond Composite 0+ Yr Index with net dividends reinvested before fees and taxes. Exposure to the Australian fixed interest asset class will be attained through the use of low cost index-focused investment managers.

Investment Option Performance

To view the latest investment performances for this product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Australian Fixed Interest
Suggested minimum investment timeframe	3 years
Standard Risk Measure	4/Medium
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Cash	0
Australian fixed interest	100

Top Holdings	%
AUSTRALIAN GOVERNMENT	52.55
TREASURY CORP VICTORIA	7.87
NEW S WALES TREASURY CRP	7.69
QUEENSLAND TREASURY CORP	6.64
WESTERN AUST TREAS CORP	2.77
SOUTH AUST GOVT FIN AUTH	1.80
KFW	1.19
EUROPEAN INVESTMENT BANK	1.05
INTL FINANCE CORP	0.94
ASIAN DEVELOPMENT BANK	0.90

Fund Performance

The Fund produced another strong return for the June quarter.

Market Review

Australian bonds mirrored movements in global bond markets during the June quarter, with the Australian 10-year bond climbing 0.73% to end the quarter at 4.02%. Alongside many global peers, the focus for the RBA over the quarter was a continued commitment to tightening economic conditions in order to return inflation towards targeted levels. The RBA held rates steady in April, citing uncertainty induced by the US regional bank crisis, however as this risk abated during the quarter it instigated consecutive 0.25% rate hikes, which saw the cash rate rise to 4.1%.

Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) Index, returned -2.95% over the period, while the AusBond Credit index returned -1.14% in Australian dollar terms. The Inflation-linked market, as measured by the Bloomberg AusBond Inflation Government (All Maturities) Index, also delivered a negative return of -2.71%, given the increase in interest rates and bond yields over the quarter.

Outlook

Despite slowing its pace of rate hikes, further rises from the RBA are generally considered likely, particularly given continued hawkish remarks from the central bank. This is adding significant pressure to households, as high debt levels and a large share of variable rate loans in Australia have made the cumulative rate hikes more potent, particularly relative to many overseas economies. Recession in the year ahead remains a reasonable possibility, though some resilient economic and consumer data has pushed these recessionary expectations further out.

Availability

Product Name	APIR
SignatureSuper	AMP1300AU
SignatureSuper - Allocated Pension	AMP1307AU
SignatureSuper Term Pension	AMP1307AU*

*Closed to new investors

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