

Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

31 March 2025

Aim and Strategy

The strategy aims to provide returns that closely match the Bloomberg Global Aggregate Bond Index (hedged to Australian dollars) before fees and taxes. Exposure to the global 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	Global fixed interest
Suggested minimum investment timeframe	5 years
Standard Risk Measure	5/Medium to High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Cash	0
Global bonds	100

Actual Allocation	%
Global Bonds	97.90
Australian Bonds	1.67
Cash	1.45
Currency Overlay	-1.02

Top Holdings	%
US TREASURY N/B	18.45
CHINA GOVERNMENT BOND	5.27
Fannie Mae	4.86
JAPAN (10 YEAR ISSUE)	3.72
Freddie Mac	3.42
FRANCE (GOVT OF)	2.83
UNITED KINGDOM GILT	2.67
BUONI POLIENNALI DEL TES	2.66
CHINA DEVELOPMENT BANK	2.23
JAPAN (20 YEAR ISSUE)	2.19

Region Allocation	%
North America	45.31
Europe ex UK	25.40
Asia ex Japan	12.84
Japan	9.59
United Kingdom	3.82
Australasia	1.90
Cash	1.45
Others	0.71
Currency Overlay	-1.02

Fund Performance

The Investment Option produced a solid positive return over the March quarter, as global bonds gained in value and yields fell on the back of traders leaning towards bonds amid increased volatility in sharemarkets.

Market Review

Bond investors experienced a mixed market landscape over the March quarter given rising inflation, volatility and geo-political risks, with safety sought in high quality assets including government bonds, as yields fell in the US. Sources of uncertainty were many and varied, ranging from trade tensions, monetary and fiscal policy divergence, and technological disruption following DeepSeek's emergence as a cost-effective rival to US tech companies specialising in AI. The Trump administration's extensive tariff regime, primarily targeting China but also affecting allies like Canada, Mexico, and the EU, added notably to volatility. US economic growth forecasts 2025 meanwhile were revised down, while inflation expectations rose. Monetary policy decisions reflected regional economic variations throughout the quarter, contributing to divergence in bond returns. The Fed maintained its target rate at 4.25%-4.5% while signalling potential future cuts, the ECB reduced rates to 2.5%, continuing its easing cycle, while the Japanese rate was increased by the BOJ to 0.5%.

Global bonds, as measured by the Bloomberg Global Aggregate index (\$A hedged), returned 1.14% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned 1.73% and 1.13% respectively, as measured by the Bloomberg Global Aggregate Corporate index (\$A hedged) and Bloomberg Global High Yield index (\$A hedged).

Regarding global credit, spreads widened modestly across both investment grade and high yield markets, with riskier sectors delivering lower returns, albeit still positive. Balance sheets and fundamentals remained generally sound, though individual bond selection was key given pockets of idiosyncratic pressure.

Outlook

Global bond markets are likely to continue to focus on the expected paths for US interest rates. Large drawdowns in recent years, resulting in bonds being available at significantly cheaper prices, continue to lead us to believe returns going forward will likely be reasonable; perhaps around current running yield or a little more, as inflation slows and central banks cut rates. Furthermore, bonds will likely serve as a diversifier to growth assets, particularly during economic slowdown. Stickier than expected inflation remains a risk, as this could cause further delays to additional interest rate cuts.

Availability

Product Name	APIR
SignatureSuper	AMP1301AU
SignatureSuper - Allocated Pension	AMP1308AU
SignatureSuper - Term Pension	AMP1308AU*

*Closed to new investors

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