March 2024

Specialist Diversified Fixed Income Fund

On-platform Class A

Investment objective

The Fund aims to provide a total return (interest income and capital growth) after costs and before tax, above the Fund's performance benchmark (60% Bloomberg AusBond Composite Bond 0+ Yr Index, 40% Bloomberg Global Aggregate Index (Hedged to AUD)), on a rolling 3 year basis. The Fund may be suitable for investors who are seeking a diversified portfolio of Australian and international fixed income securities. The Fund aims to pay distributions quarterly. You should be aware that although the Fund aims to pay distributions, the amount of each distribution may vary, or no distribution may be payable in a distribution period.

How we manage your money

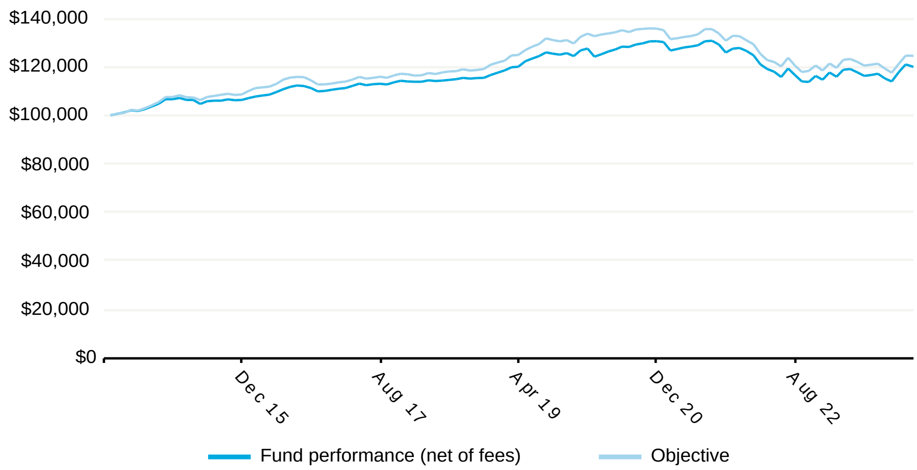
The fund normally invests in Australian and global fixed interest income securities including government securities, government-related securities, inflation linked securities, corporate securities, asset-backed securities, cash, derivatives and foreign currency. The Fund may invest in Australian and global fixed interest securities directly, or through other pooled vehicles.

Performance as at 31 March 2024

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	1.37	0.29	2.14	-1.61	0.25	1.25	2.05
Objective	1.00	0.49	1.93	-1.68	0.09	1.36	2.38
Excess return	0.37	-0.20	0.21	0.08	0.16	-0.12	-0.33

Past performance is not a reliable indicator of future performance. Performance is annualised for periods greater than one year. Total returns are calculated using the net asset value per unit for the relevant month end. This price may differ from the actual unit price for an investor buying or selling an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after fees and costs and assume all distributions are reinvested.

$100,000 invested since inception



FUND FACTS	
APIR	AMP1992AU
Inception date	09 May 2014
Fund Size	$164,705,411
Total ongoing annual fees and cost*	0.89% p.a.
Buy/Sell spread*	+0.10%/-0.14%
Distribution frequency	Quarterly
Minimum investment	$10,000,000
Minimum suggested time frame	3 years

*Fee information is correct as of 30 June 2023 and is updated biannually. Total ongoing annual fees and costs are made up of management fees and costs, performance fees (if applicable) and transaction costs. You should refer to the current PDS or other offer document for the relevant Fund available at www.amp.com.au/investments for the latest ongoing annual fees and costs as well as member activity-related fees and costs (if applicable).

What happened last period

- The Fund posted a positive return for the quarter, though underperformed the benchmark (before fees)
- Sovereign bond yields rose slightly, while credit markets generally performed better
- Underlying manager performance was mixed

Fund Performance

The Fund posted a positive return for the quarter, though marginally underperformed the benchmark (before fees). Two out of our three underlying managers outperformed their benchmark.

Within the Australian bonds sector, Macquarie delivered a solid absolute return and outperformed its benchmark. Outperformance was generated throughout the quarter due to strong security selection, as well as sector rotation. Macquarie will look to increase duration should rate-cut expectations further unravel.

Schroders also produced a strong absolute return, outperforming its benchmark. Much of the outperformance was generated by the manager's overweight allocation to credit spreads, primarily in Australia. Looking ahead, Schroders retains a key preference for this segment of the market, given its high credit quality and attractive income profile.

Within the global bonds sector, JP Morgan produced a negative absolute return and underperformed its benchmark. The portfolio's underweight to US duration vs an overweight to Eurozone duration, as well as a short position held in North American currencies detracted.

Market Review

Fixed income investors faced a tougher March quarter, given rising yields. Factors such as falling but sticky inflation, resilient economic activity and the Fed's cautious shift from its dovish stance in December collectively contributed to negative returns from government bonds. The macroeconomic landscape also influenced market expectations regarding interest rate reductions which had been previously factored in. Specifically, the anticipated number of US interest rate cuts for 2024 declined from close to seven (towards the end of 2023) to no more than three by the end of the quarter, with market pricing aligning with this at the end of March.

Despite the sell-off in developed government bond markets, credit markets generally performed well during the quarter. Corporate balance sheets remained relatively strong despite modest increases in default rates and downgrades, albeit from very low levels. Most credit segments delivered positive total returns, with floating-rate products, including leveraged loans and structured credit, including collateralised loan obligations, being stand-out performers. These asset classes benefited from the rise in bond yields, particularly in the US. Additionally, both US and European high-yield bonds delivered positive returns as credit spreads continued to tighten, offsetting the adverse effects of rising sovereign interest rates. In contrast, US investment-grade corporate bonds faced headwinds, posting negative total returns due to heightened sensitivity to sovereign rate movements, despite credit spreads rallying.

Global bonds, as measured by the Bloomberg Global Aggregate index ($A hedged), fell by -0.31% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned -0.23% and 2.31% respectively, as measured by the Bloomberg Global Aggregate Corporate index ($A hedged) and Bloomberg Global High Yield index ($A hedged).

Australian bond yields mirrored rising yields in global peers over the quarter, albeit to a lower degree, and as a result, outperformed their global counterparts. The main factors driving bond markets around the globe, including Australia, were falling inflation numbers (despite remaining sticky in selected areas), shifting central bank rhetoric and continued signs of economic resilience. The Australian 10-year yield rose 0.01%, to end at 3.96%, while the 2-year yield rose 0.05%, to end at 3.76%. Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) index, returned 1.03% over the period, while the AusBond Credit index returned 1.37% in Australian dollar terms. The Inflation-linked market, as measured by the Bloomberg AusBond Inflation Government (All Maturities) index, delivered a return of 0.15% over the same timeframe.

Outlook

Global bond markets are likely to continue to focus on predicted paths for US interest rates. Large drawdowns in recent years, resulting in bonds being available at significantly cheaper prices, 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 in the event of further economic slowdown. Stickier than expected inflation remains a risk, as this could cause a delay to interest rate cuts.

Like their global counterparts, Australian bond valuations have improved significantly in recent years and have moved closer to fair value as yields have risen. We therefore believe forward-looking returns are now significantly more compelling than in recent history when interest rates were close to zero.

Portfolio Manager

Chris Baker

Chris was appointed as Portfolio Manager, Fixed Income in October 2021. In this role, he is responsible for devising investment strategy, conducting manager research and selection and constructing multi-manager portfolios. He joined AMP from BlackRock where, as Director and Senior Fixed Income Strategist, he was the lead strategist in Australia for BlackRock's Australian and global Fixed Income franchise.

Further information

For information about the Fund including fees, features, benefits and risks talk to your financial advisor today or read the product disclosure statement (PDS) which can be found on:

www.amp.com.au/investments

You can also call us on **133 267**