



# AMP Capital Floating Rate Income

Quarterly Investment Option Update

31 December 2019

## Aim and Strategy

To achieve a higher return than would normally be available through investing in the securities in the benchmark, whilst seeking to minimise interest rate risk. The benchmark for the fund is the Bloomberg AusBond Bank Bill Index. This fund invests in an actively managed portfolio of corporate bonds, focusing predominately on investment grade rated corporate bonds in the Australian and global bond markets. Within these markets, this fund primarily seeks credit securities from companies exhibiting some or all of the following factors: capable management and good governance; transparent financials and sustainable revenues; and stable to improving levels of borrowing. Diversification is achieved mainly through investment in securities across a range of industries such as financials, utilities and telecommunication providers, with the number of securities held at any one time (typically above 100) further adding to the diversified nature of the fund's portfolio. This fund will then enter into derivatives to exchange the underlying fixed rate return of its investment portfolio for short term interest rate returns. The fund may also utilise other derivatives, including options and credit default swaps (CDS).

## Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Australian Fixed Interest
<b>Suggested minimum investment timeframe</b>	None
<b>Relative risk rating</b>	Medium
<b>Investment style</b>	Active
<b>Manager style</b>	Single

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian and Global Fixed Interest	N/A
Cash	N/A

## Market Review

Australian government bond yields moved higher over the course of the December quarter, aided primarily by the reduction of key geopolitical risks relating to US-China trade and Brexit. After reacting somewhat earlier in the quarter to a widely-expected cut of 0.25% in the official cash rate by the Reserve Bank of Australia amid continuing mixed local data, domestic bond investors generally largely followed their overseas counterparts during the period as optimism returned to markets. However, the rise in domestic yields was constrained by the negative impacts of ongoing uncertainty with regard to domestic economic growth prospects, which saw the Reserve Bank of Australia slightly downgrade its consumption and economic growth forecasts for the fourth time in 2019, citing the impact on incomes of the drought, higher taxes and a downturn in investments. The Commonwealth Government 2-year bond yield ended the quarter at 0.92%, while the 10-year bond yield ended at 1.31%.

## Outlook

Weaker than expected economic conditions are likely to motivate the Reserve Bank of Australia to provide further policy accommodation, despite the easing already provided to date. However, current market pricing largely reflects this outcome and as a result further moves in shorter-dated yields are likely to be more muted unless the outlook materially deteriorates. Longer-dated yields should be inclined to continue to closely reflect global risk sentiment, although the majority of outperformance against the US is likely behind us.

## Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP0830AU*
Flexible Lifetime - Investments (Series 2)	AMP1446AU

\*Closed to new investors

## Contact Details

**Web:** [www.amp.com.au](http://www.amp.com.au)

**Email:** [askamp@amp.com.au](mailto:askamp@amp.com.au)

**Phone:** 131 267



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