

AMP International Bond

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the performance benchmark on a rolling 3-year basis. The benchmark is the Bloomberg Barclays Capital Global Aggregate Index in AUD (AUD Hedged). The portfolio provides investors with access to a diversified portfolio of short and long-term global fixed income securities. Generally, this portfolio is hedged to Australian dollars.

Investment Option Performance

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

Investment Option Overview

Investment category	Global fixed interest
Suggested minimum investment timeframe	3 years
Relative risk rating	Medium
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International and Australian Fixed Interest	100
Cash	0
Actual Allocation	%
International Fixed Interest	99.96
Cash	0.04

Market Review

Global government bond yields trended higher for the majority of the December quarter, with markets buoyed by optimism stemming from improving trade relations between the US and China which could lead to a resolution of their long running trade dispute, while risk of a hard Brexit in the UK was reduced in December following the resounding re-election of Prime Minister Johnson's Conservative party. In a period where markets experienced bouts of volatility, global central banks continued to provide stimulatory monetary conditions, with the US Federal Reserve cutting the Federal Funds Rate earlier in the quarter by a further 25 basis points to 1.50-1.75%. However, the central bank did signal a pause in their interest rate easing cycle, with any future accommodative moves to be considered in light of the influence of economic data. The global economic backdrop was further supported later in the period by improving data in the major global economies such as China, which provided further tentative evidence of a global economic upturn. The US 10-year bond yield ended the quarter at 1.92%, while its German and Japanese counterparts ended at -0.19% and -0.01% respectively.

Outlook

Although the US and China have reached a preliminary trade deal, there remains a downside bias in global bond yields. The last few months have seen significant uncertainty injected into the global outlook amid a broader slowdown in activity. Sentiment has become more cautious, with bond markets pricing in an increased likelihood that further monetary stimulus will be required. Trade tensions have been the primary cause but an ongoing slowdown in global capital expenditure has contributed.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0344AU*
CustomSuper	AMP0344AU*
Flexible Lifetime - Allocated Pension	AMP0610AU*
Flexible Lifetime - Term Pension	AMP0900AU*

*Closed to new investors

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