

Australian Fixed Interest Index

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

The strategy aims to provide returns that track the Bloomberg AusBond Composite 0+ Yr Index. Investments into 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 each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Australian Fixed Interest
Suggested minimum investment timeframe	3 years
Relative risk rating	Medium
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Australian Fixed Interest	100
Cash	0

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
AMP Flexible Lifetime Super	AMP1286AU
CustomSuper	AMP1286AU
Flexible Lifetime - Allocated Pension	AMP1293AU
SignatureSuper	AMP1300AU
SignatureSuper - Allocated Pension	AMP1307AU

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