

Global Bond Index

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

The strategy aims to provide returns that track the Bloomberg Barclays Global Aggregate Bond Index hedged to Australian dollars. Investments into the International 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	Global fixed interest
Suggested minimum investment timeframe	3 years
Relative risk rating	Medium
Investment style	Index
Manager style	Single

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

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	AMP1287AU
CustomSuper	AMP1287AU
Flexible Lifetime - Allocated Pension	AMP1294AU
SignatureSuper	AMP1301AU
SignatureSuper - Allocated Pension	AMP1308AU

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