

Global Bond Index

Quarterly Investment Option Update

30 June 2020

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 moved higher in April despite the US Federal Reserve only slightly slowing its pace of government bond purchases, which had capped upward pressure on yields over prior weeks. Yields subsequently traded sideways through most of May despite shifts in sentiment variously associated with the tentative easing of lockdown restrictions, economic stimulus measures and speculation regarding progress in the development of a COVID-19 treatment. Favourable US economic data provided renewed upward momentum in early June, however yields subsequently reversed course as economic sentiment deteriorated 'second wave' fears. The US 10-year bond yield ended the quarter one basis point lower at 0.66%. In contrast, the German and Japanese 10-year bond yields rose by one basis point to -0.46% and 0.02% respectively. Total returns for global bonds, as measured by the Bloomberg Barclays Global Aggregate Index Hedged, returned around 2.3% for the period in Australian dollar terms.

In credit markets meanwhile, global spreads tightened over the June quarter. This was initially prompted by the US Federal Reserve extending its bond buying program and subsequently reinforced by the market's ongoing expectation of further policy support measures on the part of central bankers, which outweighed the impact of renewed trade tensions between the US and China and a surge in COVID-19 infections in the US (which prompted several states to partially reintroduce lockdown measures.)

Outlook

The outbreak of COVID-19 has likely triggered a global recession and policy makers around the world are having to respond with dramatic levels of monetary and fiscal stimulus. The emergence of COVID-19 within an ongoing weak state of fundamentals and consistently weak inflation, as well as the adoption of yield curve targeting and quantitative easing monetary programs, continues to argue for a bias towards long duration positions, although as global cases peak and the first wave is brought under control we expect there may be some risk asset retracement.

Availability

Product Name	APIR
CustomSuper	AMP1287AU
Flexible Lifetime - Allocated Pension	AMP1294AU
Flexible Lifetime - Super	AMP1287AU
SignatureSuper	AMP1301AU
SignatureSuper - Allocated Pension	AMP1308AU

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AMP Limited ABN 49 079 354 519. The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Group and AMP Life Limited ABN 84 079 300 379, AFSL 233671 (AMP Life) receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (Global Bond Index). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, AMPCFM, ipac, AMP Life, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past Performance is not a reliable indicator of future performance.