



Super Easy Australian Fixed Interest

Quarterly Investment Option Update

30 June 2020

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 first week of April as the Reserve Bank of Australia moderated the pace of its bond purchase program which had restrained earlier upward pressure on yields. Yields subsequently moved broadly sideways as favourable trends in domestic high-frequency economic data were counterbalanced by cautionary outlook comments from the US Federal Reserve, renewed trade tensions between the US and China and rising COVID-19 case numbers. The Commonwealth Government 10-year bond yield rose by 11 basis points over the quarter to 0.87%, while its 2-year counterpart ended unchanged at 0.25%. Total returns for Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) Index, were around 0.5% for the period in Australian dollar terms.

Australian credit spreads widened slightly early in the quarter amid falling crude oil prices, before subsequently tightening over the remainder of the quarter as market sentiment was bolstered by the view that further global and domestic economic deterioration would prompt further monetary and fiscal stimulus. This tightening trend was further reinforced by sustained strength in the demand for credit amid the volume of maturities outweighing that of issuance over the course of the year to date.

Outlook

In response to the impact of COVID-19, the Reserve Bank of Australia took emergency measures in March by cutting its policy rate to a record low of 0.25% and instituted a yield curve control policy whereby it targets the 3-year bond yield at 0.25% as well. Further stimulus measures will be required to maintain the productive capacity of the economy. Given structural issues around an indebted consumer, which will likely see monetary policy constant for an extended period of time, we expect low volatility in Australian rates to continue.

Availability

Product Name	APIR
AMP Flexible Super	AMP1462AU
AMP Flexible Super - Retirement	AMP1333AU

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