



Super Easy Australian Fixed Interest

Quarterly Investment Option Update

30 September 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/performance

Investment Option Overview

Investment category	Australian Fixed Interest
Suggested minimum investment timeframe	3 years
Relative risk rating	5 / Medium to High
Investment style	Index
Manager style	Single

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

Market Review

Australian long-dated government bond yields moved lower over the course of the quarter as economic prospects were impacted by a flare up in COVID-19 infections in Victoria and the subsequent reimposition of lockdown measures. Investors largely discounted the prospect of ongoing fiscal stimulus leading to higher medium-term inflation and instead focused on the implications of a decline in immigration and the prospect of reduced housing demand, an increasing shift to part-time employment and the impending tapering of the JobKeeper support initiative. The Commonwealth Government 10-year bond yield declined by eight basis points over the quarter to 0.79%, while its 2-year counterpart ended nine basis points lower at 0.16%. Total returns for Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) Index, were around 1.0% for the period, in Australian dollar terms.

Australian credit spreads meanwhile tightened over the September quarter despite a resurgence of COVID-19, which prompted the re-introduction of lockdown measures across Melbourne and reignited concerns about the outlook for the retail sector. Results from the domestic corporate profit reporting season were mostly favourable from a credit perspective, which provided a particular boost to sentiment.

Outlook

The Reserve Bank of Australia has kept its policy rate at a record low of 0.25%; implementing a yield curve control policy whereby it also targets the three-year bond yield at 0.25%. Further stimulus measures will be required to maintain the productive capacity of the economy, although monetary options will become more limited as interest rates approach zero. Given structural issues around an indebted consumer, which will likely see monetary policy constant for the time being, we expect Australian rates to remain low although are unlikely to become negative.

Availability

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

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