



Super Easy Australian Fixed Interest

Quarterly Investment Option Update

31 December 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	Medium to high
Investment style	Index
Manager style	Single

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

Market Review

Stimulus measures implemented in response to the impacts of COVID-19 have clearly bolstered the domestic economy, with a study from the Reserve Bank of Australia showing that the JobKeeper wage subsidy scheme reduced total employment losses by at least 700,000 over the period from April to July, bolstering sentiment within the fixed income market. Domestic economic news flow during the December quarter was highlighted by a rise of 3.3% in gross domestic product in the third quarter, following a record 7.0% fall in the previous quarter. The rebound was largely driven by household spending which rose sharply following the easing of lockdown restrictions in Victoria. The Commonwealth Government 10-year bond yield rose by 18 basis points over the quarter to 0.97%, while its 2-year counterpart ended nine basis points lower at 0.07%. Total returns for Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) Index, were -0.16% for the period, in Australian dollar terms.

Outlook

The Reserve Bank of Australia has reduced its policy rate to a record low of 0.10%, essentially zero, with an associated broad-based quantitative easing and bond purchase programme. However, additional stimulus measures will be required to maintain the productive capacity of the economy, although monetary options are now more limited, with negative interest rates unlikely at this juncture. Despite structural issues around an indebted consumer, which could create future risks, we see monetary policy remaining accommodative for the foreseeable future.

Availability

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

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