



AMP International Bond

Quarterly Investment Option Update

31 March 2021

Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the performance benchmark on a rolling 3-year basis. The benchmark is the Bloomberg Barclays Capital Global Aggregate Index in AUD (AUD Hedged). The portfolio provides investors with access to a diversified portfolio of short and long-term global fixed income securities. Generally, this portfolio is hedged to Australian dollars.

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Global fixed interest
Suggested minimum investment timeframe	3 years
Relative risk rating	Medium to High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International and Australian Fixed Interest	100
Cash	0
Actual Allocation	%
International Fixed Interest	99.93
Cash	0.07

Market Review

Global long-dated government bond yields moved sharply higher over the March quarter as continued progress towards worldwide mass vaccination fuelled expectations for a rebound in global economic activity. Legislative approval of the Biden Administration's \$US1.9 trillion stimulus package and stronger than expected US economic data releases, in particular retail sales, industrial production and job openings, stoked inflation expectations despite Fed Chair Powell saying that "the economy is a long way from our employment and inflation goal". ECB President Lagarde adopted a similarly cautious tone, saying that European monetary policy remains accommodative and that further quantitative easing will be introduced if necessary. The US 10-year bond yield ended the quarter 82 basis points higher at 1.74%. The German 10-year bond yield rose by 28 basis points to -0.29% and its Japanese counterpart rose by seven basis points to 0.09%. Global bonds, as measured by the Bloomberg Barclays Global Aggregate Index (hedged), fell by 2.53% for the period (in Australian dollar terms).

Outlook

The Reserve Bank of Australia (RBA) is maintaining its yield curve control policy. Monetary policy has reduced volatility at the front end of curve and provides attractive opportunities in the mid-curve for carry and roll. However, there has been more recent upward pressure on global yields which is feeding through to the Australian market. Given the structural issues around an indebted consumer sector and upward pressure on the dollar, the RBA will more likely ease further at this juncture rather than tighten monetary policy, unless global conditions significantly change events. However, we expect the current low volatility in Australian rates to continue for the time being.

Availability

Product Name	APIR
CustomSuper	AMP0344AU*
Flexible Lifetime - Allocated Pension	AMP0610AU*
Flexible Lifetime - Super	AMP0344AU*
Flexible Lifetime - Term Pension	AMP0900AU*

*Closed to new investors

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