

Australian Fixed Interest Index

Quarterly Investment Option Update

31 March 2021

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

Australian long-dated government bond yields rose sharply over the March quarter. Against a backdrop of mostly favourable economic data, yields were buoyed by the view that progressive vaccine distribution is conducive to resurgent economic growth which, in turn, leads to higher inflation and correspondingly higher bond yields. The upward move extended to shorter maturities, despite the RBA adding a further A\$100 billion to its quantitative easing program and saying that a return to a tight labour market to an extent that would warrant an increase in the cash rate is not expected until 2024 at the earliest. The Commonwealth Government 10-year bond yield rose by 82 basis points over the quarter to 1.79%, while its 2-year counterpart ended two basis points higher at 0.09%. Total returns for Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) Index, were -3.22% 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	AMP1286AU
Flexible Lifetime - Allocated Pension	AMP1293AU
Flexible Lifetime - Super	AMP1286AU
SignatureSuper	AMP1300AU
SignatureSuper - Allocated Pension	AMP1307AU

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