

Super Easy International Fixed Interest

Quarterly Investment Option Update

30 June 2021

Aim and Strategy

The strategy aims to provide returns that track the Bloomberg Barclays Global Aggregate Bond Index hedged to Australian dollars. Investments into the International 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	Global fixed interest
Suggested minimum investment timeframe	3 years
Relative risk rating	Medium
Investment style	Index
Manager style	Single

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

Market Review

US long-dated government bond yields moved lower over the June quarter, producing a flattening in the US yield curve as shorter dated maturities remained buoyed. The respective movements in yields followed the US Federal Reserve (Fed) bringing forward its likely time horizon for monetary tightening to 2023 (from 2024 previously). Longer-dated yields moved lower in line with the moderation in longer-term inflation expectations, while short-dated yields moved higher in anticipation of the prospective policy shift. Recent economic data has shown that US consumer prices lifted strongly in May, while the broader US economy has rebounded to surpass where it was in the final quarter of 2019 before the pandemic struck. The US 10-year bond yield ended the quarter 27 basis points lower at 1.47%. Its Japanese counterpart ended four basis points lower at 0.05% and the German 10-year bond yield rose by eight basis points to -0.21%. Global bonds, as measured by the Bloomberg Barclays Global Aggregate Index (hedged), rose by 0.94% for the period (in Australian dollar terms).

Outlook

The global economy continues to try and pull itself out of the COVID-19 recessionary hole. With widespread distribution of the newly developed vaccines and the end of a difficult Northern Hemisphere winter case peak, global economic activity is beginning to accelerate again. However, the emergence of the new virulent Delta and Delta Plus coronavirus strains pose a risk to recovery timelines should they result in further lockdowns.

As vaccination programs allow countries to normalise further, it will be important for fiscal and monetary stimulus to continue to support the recovery through lumpy inflation data and activity rebounds. The effect of COVID-19 within an uncertain inflationary backdrop is likely to set a cap on the repricing of duration for the time being. Thus, bond markets will be keeping a keen eye on inflation trends to judge whether inflation is likely to be transitory or more persistent in nature. Despite this, the recovery is unlikely to solve many of the long-term structural issues that have plagued global economies.

Availability

Product Name	APIR
AMP Flexible Super - Retirement	AMP1379AU
AMP Flexible Super - Super	AMP1508AU

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