

AMP International Bond

Quarterly Investment Option Update

30 September 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
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
International and Australian Fixed Interest	100
Cash	0
Actual Allocation	%
International Fixed Interest	99.98
Cash	0.02

Market Review

US government bond yields shifted lower in July amid increasing concerns over the spread of the Delta variant and its potential impact on growth. Yields subsequently reversed course and headed higher, with the Fed saying in August that "it could be appropriate to start reducing the pace of asset purchases this year" and making a similar comment in September. The rise in yields was reinforced late in the period, as a deepening global energy shortage ahead of the northern winter exacerbated concerns that presently elevated inflation may become more durable than central bankers are anticipating. The US 10-year bond yield ended the quarter two basis points higher at 1.49%. Its Japanese counterpart ended two basis points higher at 0.07% and the German 10-year bond yield rose by one basis point to -0.20%. Global bonds, as measured by the Bloomberg Barclays Global Aggregate Index (hedged), rose by 0.05% for the period (in Australian dollar terms).

Outlook

The global economy is preparing to try and pull itself out of the COVID-19 recessionary hole in 2021. With widespread distribution of the newly developed vaccines and the end of a difficult Northern Hemisphere winter case peak, global economic activity has been accelerating. However, we are seeing large divergences across the globe.

As vaccination programmes allow countries to normalise, it will be important for fiscal and monetary stimulus to continue to support the recovery through lumpy inflation and activity rebounds. The emergence of COVID-19 within an ongoing weak state of fundamentals is likely to set a cap on the repricing of duration, although it is likely there will be a strong cyclical recovery from vaccine distribution and the normalisation of many economies which, alongside unconventional monetary policy stimulus, will drive a strong recovery in risk asset markets but is unlikely to solve many of the long-term structural issues that have plagued global economies.

Availability

Product Name	APIR
CustomSuper	AMP0344AU*
Flexible Lifetime - Allocated Pension	AMP0610AU*
Flexible Lifetime - Super	AMP0344AU*
Flexible Lifetime - Term Pension	AMP0900AU*
SignatureSuper - Allocated Pension	AMP1133AU*
SuperLeader	AMP1885AU

*Closed to new investors

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