



Super Easy Australian Fixed Interest

Quarterly Investment Option Update

30 September 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
Investment style	Index
Manager style	Single

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

Market Review

Domestic yields moved lower for most of the September quarter as a deteriorating COVID-19 situation led to the progressive expansion of ongoing lockdown measures across much of Eastern Australia. The economic impact was particularly evident in high-frequency measures of activity, such as hospitality and entertainment, which sank to depressed levels. The decline in yields was largely reversed in September amid cautious optimism regarding business conditions and the RBA saying that the Delta variant has "delayed, but not derailed, the recovery". With the economy expected "to return to its pre-Delta path by mid-2022", the central bank maintained its view that the "central scenario" for an increase in the cash rate "will not be met before 2024". The Commonwealth Government 10-year bond yield ended the quarter four basis points lower at 1.49% while its 2-year counterpart ended two basis points lower at 0.04%. Australian bonds, as measured by the Bloomberg AusBond Composite (All Maturities) Index, rose by 0.31% during the period, in Australian dollar terms.

Outlook

The Reserve Bank of Australia has said they are looking to see sustained wages growth above 3% to give them confidence that an increase in inflation will be sustained and broad based. The central bank forecasts do not show this being achieved within the tenor of the April 2024 yield curve control horizon. However, some have made the point that the lack of foreign migrants could see the labour market tighten more than the central bank has forecast leading to an earlier hiking cycle as their wage growth targets are achieved. This upbeat assessment saw the central bank taper asset purchases following their July meeting, but the lockdowns will see a contraction in third quarter growth, and this has tempered some hawkish early rate hike calls.

Availability

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

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