



AMP International Bond

Quarterly Investment Option Update

31 December 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 (%) |
|-------------------------|----------------------|
| Global fixed interest | 100 |
| Cash | 0 |

| Actual Allocation | % |
|------------------------------|----------|
| International Fixed Interest | 99.91 |
| Cash | 0.09 |

Market Review

US government bond yields moved slightly higher over the December quarter although there was substantial volatility during the period, most notably associated with the emergence of the Omicron variant in late November. Central bank deliberations also significantly impacted yields, particularly in December when the US Federal Reserve updated its outlook for monetary policy, with expectations centred on the likelihood of three interest rate increases in 2022 and a further three the following year. The central bank also decided to reduce the monthly pace of its net asset purchases by US\$20 billion for Treasury securities and US\$10 billion for agency mortgage-backed securities. The US 10-year bond yield ended the quarter two basis points higher at 1.51%. Its Japanese counterpart ended unchanged at 0.07% and the German 10-year bond yield rose by two basis points to -0.18%. Global bonds, as measured by the Bloomberg Barclays Global Aggregate Index (hedged), rose by 0.03% for the period (in Australian dollar terms).

Outlook

The global economy is steadily pulling itself out of the COVID-19 recessionary hole in 2021, with widespread distribution of vaccines seeing global economic activity accelerate. 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 |
|------------------------------------|------------|
| SignatureSuper | AMP6578AU* |
| SignatureSuper - Allocated Pension | AMP6370AU* |
| SignatureSuper Term Pension | AMP6370AU* |

*Closed to new investors

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