



AMP International Bond

Quarterly Investment Option Update

30 June 2022

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 this 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	100

Market Review

Global government bond yields moved higher across the yield curve in the June quarter, as inflation data continued to surprise on the upside. In turn, central banks around the world continued their focus on slaying inflation levels currently sitting at multi-decade highs by raising interest rates, or in the case of the European Central Bank (ECB), hinting at impending rate rises. The attention afforded to inflation, initially stemming from demand and supply imbalances brought about by the pandemic, and since then exacerbated by the Russian invasion of Ukraine, has market participants now expecting that tighter financial conditions (in the form of higher interest rates) will lead to a recession in the not-too-distant future. The strength of the US consumer (retail spend and employment prospects), ironically, suggests the Fed will need to move interest rates higher and sooner to dampen demand. The European and UK markets face a different situation as they juggle the need to bring down inflation amidst a lower economic growth projection and the higher impact of supply side-driven energy shocks. The rise in rates across many markets led to negative returns across most fixed income sectors over the period and H1 2022. Global bonds, as measured by the Bloomberg Global Aggregate Index (\$A hedged), returned -4.57% for the period, in Australian dollar terms.

Outlook

The global economy has mostly recovered from the COVID-19 downturn, however ongoing supply chain disruptions, exacerbated by geopolitical tensions, have meant that inflation has proved far more persistent than anticipated. Previously robust economic activity levels following the COVID-19 shutdown have started to fade and the focus of central banks and markets remains firmly on reining in inflation. Central banks trying to catch up to the inflation curve, thus increasing recessionary risk, is a key concern.

Availability

Product Name	APIR
SignatureSuper	AMP0344AU*
SignatureSuper - Allocated Pension	AMP0610AU*
SignatureSuper Term Pension	AMP0900AU*

*Closed to new investors

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