

Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

30 June 2023

Aim and Strategy

The strategy aims to provide returns that closely match the Bloomberg Global Aggregate Bond Index (hedged to Australian dollars) before fees and taxes. Exposure to the global 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 this product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Global fixed interest
Suggested minimum investment timeframe	3 years
Standard Risk Measure	5/Medium to High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Cash	0
Global fixed interest	100

Actual Allocation	%
International Fixed Interest	95.57
Cash	2.76
Australian Fixed Interest	1.67

Top Holdings	%
US TREASURY N/B	15.43
Fannie Mae	4.80
CHINA GOVERNMENT BOND	4.24
JAPAN (10 YEAR ISSUE)	4.05
Freddie Mac	3.12
FRANCE (GOVT OF)	2.71
UNITED KINGDOM GILT	2.56
JAPAN (20 YEAR ISSUE)	2.51
BUONI POLIENNALI DEL TES	2.48
Government National Mortgage A	2.38

Region Allocation	%
North America	43.01
Europe ex UK	24.27
Asia ex Japan	11.92
Japan	11.46
United Kingdom	4.07
Cash	2.76
Australasia	1.85
Others	0.67

Fund Performance

The Fund produced a positive return for the June quarter, while many yields rose over the period.

Market Review

The elevated inflationary environment exerted pressure on sovereign bonds during the June quarter, as bond yields rose aggressively. US treasuries and German bunds experienced declines, albeit to varying degrees, while UK gilts encountered the most pronounced performance deterioration. This underperformance was driven by unexpected inflationary upticks in the UK, where the CPI inflation rate ranked highest among G7 nations, coupled with a 50 bps hike in June and a 25 bps hike in May by the Bank of England.

Against this backdrop, corporate balance sheets remained relatively strong, despite some uptick in default rates. Global high yield outperformed global investment grade, as immediate recessionary concerns were pared back a little. Global bonds, as measured by the Bloomberg Global Aggregate Index (\$A hedged), returned -0.30% over the quarter. Global investment grade and high yield credit meanwhile returned -0.38%% and 1.56% respectively, as measured by the Bloomberg Global Aggregate Corporate Index (\$A hedged) and Bloomberg Global High Yield Index (\$A hedged).

Outlook

Inflation, the path of interest rate movements and recession are likely to continue to be the dominant themes driving bond markets over the medium-term. After long, drawn-out falls in bond prices in recent years, yields now have reverted to more attractive valuation levels. We therefore believe there is scope for improved returns from the asset class over the shorter to medium-term.

Availability

Product Name	APIR
SignatureSuper	AMP1301AU
SignatureSuper Allocated Pension	AMP1308AU
SignatureSuper Term Pension	AMP1308AU*

*Closed to new investors

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