

Global Bond Index*

Quarterly Investment Option Update

30-June-2016

*This option is named "Super Easy International Fixed Interest" under the AMP Flexible Super product line

Availability

| Product name | APIR |
|--|------------|
| AMP Flexible Super – Choice (Retirement) | AMP1379AU* |
| AMP Flexible Super – Choice (Super) | AMP1508AU* |
| CustomSuper | AMP1287AU |
| Flexible Lifetime – Allocated Pension | AMP1294AU |
| Flexible Lifetime – Super | AMP1287AU |
| Signature Super | AMP1301AU |
| Signature Super – Allocated Pension | AMP1308AU |

Investment Option Performance

Investment performances are subject to product fees and where relevant tax as outlined in the product PDS. Therefore investment performance may differ between products. In addition, activity on your account such as contributions and deductions will also impact the investment performance specific to you. To view the latest investment performances for each product, please visit www.amp.com.au. You can also view the last investment performance specific to you by visiting your My Portfolio account.

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Overview

Aim & Strategy: To provide returns over the long term in line with an appropriate index by investing in International Fixed Interest. Exposure to this asset class will be attained through the use of index focussed investment managers. The strategy aims to provide returns that track the Citigroup (Customised Benchmark) M1 Global ex Australia Index hedged to Australian dollars with net dividends reinvested. This option is hedged to Australian dollars. Currently managed by State Street Global Advisors.

Investment category: Fixed Interest – Core Fixed Interest

Suggested Investment Timeframe: 3 years

Relative Risk Rating: Low

Investment Style: Index style

| Credit Rating Allocation | Fund | Benchmark (%) |
|--------------------------|--------|---------------|
| Total | 100.00 | 100.00 |
| Aaa | 37.74 | 39.10 |
| Aa | 16.32 | 16.59 |
| A | 28.28 | 28.55 |
| Baa | 15.24 | 15.76 |
| N/A | 2.42 | |

Holdings

| Industry Exposure | % | |
|---------------------------|--------------|---------------|
| Sector | Fund (%) | Benchmark (%) |
| Treasury | 54.75 | 54.82 |
| Government-Related | 11.55 | 12.33 |
| Agency | 5.51 | 5.90 |
| Local Authority | 2.63 | 2.97 |
| Sovereign | 1.17 | 1.19 |
| Supranational | 2.23 | 2.28 |
| Corporate | 17.65 | 17.96 |
| Industrial | 9.61 | 9.74 |
| Utility | 1.35 | 1.37 |
| Financial Institutions | 6.70 | 6.84 |
| Securitized | 14.35 | 14.89 |
| MBS Passthrough | 11.32 | 11.44 |
| ABS | 0.21 | 0.21 |
| CMBS | 0.37 | 0.40 |
| Covered | 2.46 | 2.84 |
| Cash | 5.77 | |
| Others | -4.05 | |

| Regional Exposure | % | | | | |
|-------------------|-----------------|---------------------|---------------------------|---|---------|
| | | | Norway | 0.40 | 0.36 |
| Sector | Fund (%) | Benchmark(%) | Oman | | 0.01 |
| Australia | 6.74 | 1.61 | Other | -4.06 | |
| Austria | 0.71 | 0.75 | Panama | 0.04 | 0.03 |
| Bahamas | | 0.00 | Peru | 0.04 | 0.06 |
| Belgium | 1.11 | 1.15 | Philippines | 0.06 | 0.07 |
| Bermuda | | 0.01 | Poland | 0.34 | 0.34 |
| Brazil | 0.06 | 0.05 | Portugal | 0.03 | 0.04 |
| Bulgaria | 0.01 | 0.02 | Qatar | 0.07 | 0.10 |
| Canada | 3.26 | 3.17 | Romania | 0.05 | 0.05 |
| Cayman Islands | | 0.00 | Russia | | 0.10 |
| Chile | 0.02 | 0.11 | S.Africa | 0.20 | 0.20 |
| China | 0.36 | 0.51 | S.Korea | 1.32 | 1.37 |
| Colombia | 0.07 | 0.08 | Saudi Arabia | 0.05 | 0.02 |
| Czech Rep | 0.13 | 0.13 | Singapore | 0.18 | 0.22 |
| Denmark | 0.41 | 0.42 | Slovakia | 0.07 | 0.08 |
| Egypt | | 0.00 | Slovenia | 0.06 | 0.07 |
| Estonia | | 0.00 | Spain | 2.58 | 2.62 |
| European Union | 0.03 | | Supranational | 2.23 | 2.28 |
| Finland | 0.33 | 0.37 | Sweden | 1.11 | 0.92 |
| France | 5.89 | 5.82 | Switzerland | 1.01 | 0.92 |
| Germany | 5.03 | 5.18 | Taiwan | | 0.01 |
| Guernsey | | 0.00 | Thailand | 0.24 | 0.29 |
| Hong Kong | 0.11 | 0.15 | Trinidad | | 0.00 |
| Iceland | | 0.01 | Turkey | 0.28 | 0.35 |
| India | 0.10 | 0.09 | United Arab Emirates | 0.08 | 0.14 |
| Indonesia | 0.16 | 0.15 | United Kingdom | 5.90 | 5.96 |
| Ireland | 0.35 | 0.35 | United States | 37.55 | 37.90 |
| Israel | 0.21 | 0.17 | Uruguay | 0.02 | 0.02 |
| Italy | 3.93 | 3.97 | | | |
| Japan | 18.02 | 18.03 | | | |
| Jersey Chanisle | | 0.00 | | | |
| Kazakhstan | | 0.03 | | | |
| Kuwait | | 0.00 | | | |
| Latvia | | 0.01 | | | |
| Liechtenstein | | 0.00 | | | |
| Lithuania | 0.04 | 0.03 | | | |
| Luxembourg | 0.00 | 0.03 | | | |
| Malaysia | 0.31 | 0.33 | | | |
| Malta | | 0.00 | | | |
| Mexico | 0.71 | 0.72 | | | |
| Morocco | 0.04 | 0.02 | | | |
| Namibia | | 0.00 | | | |
| Netherlands | 1.78 | 1.80 | | | |
| New Zealand | 0.18 | 0.15 | | | |
| Nigeria | | 0.00 | | | |
| | | | Top Ten Securities | % | |
| | | | 912828M8 | US TREASURY NOTES bond 2.0 20221130 | 0.69212 |
| | | | FNA03415 | FNMA Conventional Long T. 30yr frm 3.5 20450501 | 0.68202 |
| | | | FNA03013 | FNMA Conventional Long T. 30yr frm 3.0 20421001 | 0.55955 |
| | | | 912828P9 | US TREASURY NOTES bond 1.0 20190315 | 0.55655 |
| | | | FNA04015 | FNMA Conventional Long T. 30yr frm 4.0 20450601 | 0.42975 |
| | | | GNB03415 | GNMA II Single Family 30yr frm 3.5 20450501 | 0.41267 |
| | | | GNB04014 | GNMA II Single Family 30yr frm 4.0 20440301 | 0.35461 |
| | | | 912828WL | US TREASURY NOTES bond 1.5 20190531 | 0.33804 |
| | | | 912828H3 | US TREASURY NOTES bond 0.875 20180115 | 0.33297 |
| | | | GNB03413 | GNMA II Single Family 30yr frm 3.5 20430101 | 0.28997 |

Investment Option Commentary

June certainly lived up to expectations that it would be an eventful month. Politics trumped economics; recent subdued sentiment evaporated into volatility as the UK's referendum on EU membership dominated the markets. Attempts to second guess British voters ended badly as a narrow vote to leave the EU caught politicians and investors alike off guard, provoking a sharp risk-off move across global markets. Bond markets benefitted as investors ran for cover and central bank policy looks set to remain loose for the foreseeable future.

Key Themes

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- Monetary policy now looks ever-looser for ever-longer as dovish policy expectations shot up after the UK's Brexit vote. The Bank of England (BoE) is expected to cut rates by August, the European Central Bank will be under pressure to follow and the US Federal Reserve's (Fed's) hiking plans look to have been shelved in the near term after poor job numbers and post-referendum uncertainty.

- Markets proved volatile throughout the month as all eyes were focused on the UK. The Brexit result saw convulsions across asset classes as investors clamoured for safety; core sovereign bonds and precious metals were the main beneficiaries – German bund yields became negative out to 15 years and the Swiss curve sank entirely below zero. The weakest areas were sterling and equities, especially eurozone and financial stocks.

- Risk concerns were consumed by all things 'Brexit' as investors fretted about the consequences for fragile global growth and the stability of the wider EU. Markets expect the UK economy to contract, with a recession likely. S&P slashed the UK's credit rating from AAA to AA, and the EU's from AA+ to AA.

- Political upheaval is now a considerable risk; after the UK domino toppled, attention quickly focused on wider advanced economies. Italy, France, Austria and even Germany, (not to mention US presidential candidate Donald Trump) are all under renewed scrutiny.

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