

Global Bond Index

Quarterly Investment Option Update

31 December 2018

Aim and Strategy

The strategy aims to provide returns that track the Bloomberg Barclays Global Aggregate Bond Index hedged to Australian dollars. This option is hedged to Australian dollars. 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 please visit www.amp.com.au

Investment Option Overview

Investment category	Global fixed interest
Suggested investment timeframe	3 years
Relative risk rating	Low – Medium
Investment style	Index

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

Market Commentary

Global government bond yields experienced heightened volatility during the December quarter, reversing their previous upward trend to fall significantly overall. Bonds rallied during the period amid a prevailing 'risk-off' tone, as a US-led correction in equity markets which commenced early in the quarter gathered pace. Both economic and geopolitical factors contributed to a flight to 'safe haven' assets, with market sentiment buffeted by concerns around slowing economic growth and the likely path of monetary tightening by the US Federal Reserve, with geopolitical influences including ongoing US-China trade tensions and Brexit uncertainty coupled with political instability in the UK. Bond markets also reacted negatively to the US Federal Reserve's rate increase late in the quarter, with sentiment reflecting fear that the tightening may dampen growth. The US 10-year bond yield ended the quarter at 2.68%, while the German 10-year bond yield and its Japanese counterpart ended at 0.24% and 0.00% respectively.

Outlook

Very low, though rising, sovereign bond yields point to low medium-term returns. The abatement of deflationary pressures, the gradual reduction in spare capacity and a shift in policy focus from monetary to fiscal stimulus, primarily in the US, indicate yields are likely to steadily trend higher. Emerging market economies continue to experience some outflows.

Availability

Product name	APIR
CustomSuper	AMP1287AU
Flexible Lifetime - Allocated Pension	AMP1294AU
SignatureSuper	AMP1301AU
SignatureSuper - Allocated Pension	AMP1308AU
AMP Flexible Lifetime Super	AMP1287AU

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