

Australian Fixed Interest Index

Quarterly Investment Option Update

31 March 2019

Aim and Strategy

The strategy aims to provide returns that track the Bloomberg AusBond Composite Index (All Maturities) with net dividends reinvested. Exposure to this 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	Australian fixed interest
Suggested investment timeframe	3 years
Relative risk rating	Low-Medium
Investment style	Index

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

Market Review

Early in the March quarter, Australian government bonds largely mirrored their overseas counterparts as risk assets rebounded, with the domestic rally also reflecting growing concerns around house prices and ongoing mixed economic data releases including weak December quarter inflation. Diverging from offshore moves, domestic bond yields continued to fall in February, as markets reacted to the RBA changing its cash rate guidance to a neutral stance lowering its economic growth and inflation forecasts. Bond yields continued to fall in March on the back of fears of slowing global economic growth and dovish central banks. Furthermore, local bonds rallied amid the release of largely soft domestic economic data, including a disappointing December quarter GDP reading. Similar to their US peers, Australian bonds saw an inversion of the 3-month to 10-year yield curve late in the period. The Commonwealth Government 2-year bond yield ended the quarter at 1.46%, while the 10-year bond yield ended at 1.78%.

Outlook

Australian yields continue to trade at a premium to those available in Japan and Europe, making Australian sovereign fixed income and corporate credit relatively attractive from an international and yield perspective in the shorter to medium term. The Reserve Bank of Australia continues to exhibit an accommodative bias in its communications, and a weak economic backdrop is increasing the probability of a rate decrease in the short term. A weak housing market and high household debt levels continue to be an area for concern, although currently there is little evidence of significant non-performing loans.

Availability

Product name	APIR
CustomSuper	AMP1286AU
Flexible Lifetime - Allocated Pension	AMP1293AU
SignatureSuper	AMP1300AU
SignatureSuper - Allocated Pension	AMP1307AU
AMP Flexible Lifetime Super	AMP1286AU

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