



Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

31 December 2022

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 (%)
Global fixed interest	100
Cash	0

Actual Allocation	%
Global Fixed Interest	97.24
Australian Fixed Interest	1.64
Cash	1.12

Top Holdings	%
US TREASURY N/B	16.03
Fannie Mae	5.13
JAPAN (10 YEAR ISSUE)	4.55
CHINA GOVERNMENT BOND	4.29
Freddie Mac	3.22
FRANCE (GOVT OF)	2.85
UNITED KINGDOM GILT	2.80
JAPAN (20 YEAR ISSUE)	2.62
BUONI POLIENNALI DEL TES	2.49
Government National Mortgage A	2.37

Region Allocation	%
North America	43.88
Europe ex UK	23.72
Japan	12.54
Asia ex Japan	12.01
United Kingdom	4.29
Australasia	1.82
Cash	1.12
Others	0.62

Fund Performance

The Fund produced a positive return for the December quarter against a backdrop of choppy bond markets.

Market Review

Globally, government bond yield curves were volatile towards the end of 2022. Over the December quarter, investors generally pushed bond prices higher on the back of recent data showing global inflation levels may have peaked; and are expecting central banks, in particular the US Federal Reserve (Fed), to end their rate hiking process earlier than expected and perhaps look to reduce rates soon. Whilst inflation levels may have peaked, many central banks would argue they are still elevated, and far above targets (generally around 2 – 3%). The Fed Chair is acutely aware of experience of the 1970s, where the Fed backed away from the fight against inflation too soon, only for greater bouts of inflation to return. It is therefore steadfast in maintaining higher interest rates for longer and has pushed back against market expectations of an earlier end to the rate rise cycle. The Fed's focus has gradually turned to the strength of the US labour market, where a softening job market would help to cool the economy. Global bond yields mostly ended the quarter higher, aside from the UK, where the appointment of a new prime minister and chancellor calmed investors from the local market turmoil experienced in previous months. The Bank of Japan (BoJ) meanwhile made a surprising amendment of its easy monetary policy, via widening the range which it allows the 10-year bond yield to trade at. This saw the yield on longer dated Japanese government bonds jump.

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, whilst there is still scope for central banks to further increase rates in the near-term, yields now have reverted to more attractive valuation levels. We therefore believe there is scope for improved returns from the asset class over the medium to long-term.

Availability

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

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