



AMP International Bond

Quarterly Investment Option Update

30 September 2019

Aim and Strategy

To provide total returns (income and capital growth) after costs and before tax, above the performance benchmark on a rolling 3-year basis. The benchmark is the Bloomberg Barclays Capital Global Aggregate Index in AUD (AUD Hedged). The portfolio provides investors with access to a diversified portfolio of short and long-term global fixed income securities. Generally, this portfolio is hedged to Australian dollars.

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Global fixed interest
Suggested minimum investment timeframe	2 - 3 years
Relative risk rating	Medium
Investment style	Active
Manager style	Single

Asset Allocation	Benchmark (%)
International and Australian Fixed Interest	100
Cash	0

Actual Allocation	%
International Fixed Interest	99.96
Cash	0.04

Market Review

After showing some signs of consolidating early in the September quarter, global government bond markets rallied into the widely anticipated move by the US Federal Reserve to lower the Federal Funds Rate range by 0.25% following its policy meeting on 31 July, and picked up momentum during August as an escalation of the US-China trade dispute eroded investor confidence in global economic growth prospects. The significant fall in bond yields prompted yield curves globally to flatten. In September, bond yields initially moved higher amid indications that the US economy continues to create new jobs, however yields subsequently retraced part of their rise after disruptive drone attacks on Saudi Arabian oil facilities saw the return of 'risk off' sentiment and the US Federal Reserve lowered the target range for the federal funds rate by a further 0.25%. Monetary easing also featured in Europe later in the period, where the European Central Bank announced a reduction in its deposit rate to -0.50% and a planned restart in November of its asset purchase plan at a rate of €20 billion per month. The US 10-year bond yield ended the quarter at 1.66%, while its German and Japanese counterparts ended at -0.57% and -0.21% respectively.

Outlook

Very low sovereign bond yields point to a low medium-term return potential from global sovereign fixed interest. However, with a generally benign inflationary environment, an unresolved US-China trade dispute causing a flight to safety, and a general bias from central banks towards more accommodative stances; any upward pressure on bond yields is now likely to be subdued for the time being. Lower bond yields may persist, at least until the global economic environment shows signs of improved sentiment, momentum and visibility.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP0344AU*
CustomSuper	AMP0344AU*
Flexible Lifetime - Allocated Pension	AMP0610AU*
Flexible Lifetime - Term Pension	AMP0900AU*

*Closed to new investors

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