



Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

30 September 2022

Aim and Strategy

The strategy aims to provide returns (before fees and taxes) that track the Bloomberg Barclays Global Aggregate Bond Index hedged to Australian dollars. Investments into the International 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
Relative risk rating	5 / Medium to High
Investment style	Index
Manager style	Single

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

Actual Allocation	%
International Fixed Interest	95.70
Cash	2.66
Australian Fixed Interest	1.64

Top Holdings	%
US TREASURY N/B	15.60
Fannie Mae	5.20
JAPAN (10 YEAR ISSUE)	4.25
CHINA GOVERNMENT BOND	4.23
Freddie Mac	3.34
FRANCE (GOVT OF)	2.63
JAPAN (20 YEAR ISSUE)	2.56
Government National Mortgage A	2.39
BUONI POLIENNALI DEL TES	2.34
UNITED KINGDOM GILT	2.32

Market Review

Global government bond yields continued their move higher across the yield curve in the September quarter, with no signs of inflation being tamed as yet, and a misinterpretation by the market, or perhaps misguided hope, that certain weak data points would lead to a quick reversal of interest rate rises seen in many countries. Whilst food and oil prices have fallen from their June highs, inflation driven by wages, goods and services remains stubbornly high. In the short-term, the silver lining for the US consumer is that much of the existing loan stock was fixed for 30 years at relatively low rates; therefore monthly mortgage payments are not as sensitive to rate rises compared to many other countries. Meanwhile, businesses and the labour market continue to show resilience.

The rise in rates across many markets again led to negative returns across most fixed income sectors over the quarter and continued the large sell off in bonds over 2022. Global bonds, as measured by the Bloomberg Global Aggregate Index (\$A hedged), returned -3.78% for the period, in Australian dollar terms. Over the same period, global investment grade and high yield credit also fell 4.85% and 1.94%, respectively, as measured by the Bloomberg Global Aggregate Corporate Index (\$A hedged) and Bloomberg Global High Yield Index (\$A hedged).

Outlook

Ongoing supply chain disruptions, exacerbated by war in Ukraine, continues to be a source of inflationary pressure. Central banks remain focussed on reining in inflation with interest rate hikes, thus continuing to increase recessionary risk. After heavy falls in bond markets in recent years, some yields appear to have peaked, thus there may be scope for returns to improve in the shorter-term.

Availability

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

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