

Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

30 September 2023

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	5 years
Standard Risk Measure	5/Medium to High
Investment style	Index
Manager style	Single

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

Actual Allocation	%
International Fixed Interest	97.27
Australian Fixed Interest	1.76
Cash	0.96

Top Holdings	%
US TREASURY N/B	16.96
Fannie Mae	5.18
CHINA GOVERNMENT BOND	4.61
JAPAN (10 YEAR ISSUE)	4.32
FRANCE (GOVT OF)	2.94
Freddie Mac	2.84
UNITED KINGDOM GILT	2.74
BUONI POLIENNALI DEL TES	2.55
JAPAN (20 YEAR ISSUE)	2.45
Government National Mortgage A	2.29

Region Allocation	%
North America	44.44
Europe ex UK	24.40
Asia ex Japan	12.25
Japan	11.30
United Kingdom	4.20
Australasia	1.85
Cash	0.96
Others	0.61

Fund Performance

The Fund produced a negative return for the September quarter, as yields climbed higher and bond values fell.

Market Review

The September quarter saw more volatility for bonds, with interest rate sensitive segments, such as government bonds, continuing to languish amid rising yields and volatility. Credit sectors meanwhile tended to perform better. Despite yields appearing close to peak, as indicated by market pricing, central bank rhetoric tended to be hawkish but more measured in tone, causing the market to anticipate a longer period of elevated interest rates and therefore bond yields. This was the key driver of higher yields and associated falling bond prices over the quarter. The US 10-year yield rose by 73 basis points from 3.84% to 4.57%, while the two-year yield increased from 4.87% to 5.04%. Similar moves were echoed in other global developed bond markets, including Europe and Japan.

Against this backdrop, corporate balance sheets remained relatively strong, despite a continued uptick in default rates and downgrades, albeit from a low level. Global high yield again outperformed global investment grade, as immediate recessionary concerns continued to be pared back into 2024. Global bonds, as measured by the Bloomberg Global Aggregate Index (\$A hedged), returned -2.14% in Australian dollar terms over the quarter. Global investment grade and high yield credit meanwhile returned -1.97% and 0.16% respectively, as measured by the Bloomberg Global Aggregate Corporate Index (\$A hedged) and Bloomberg Global High Yield Index (\$A hedged).

Outlook

Global bond markets, over the medium-term, will likely be driven by the speed of economic slowdown as well as the disinflation process. Yields have spiked significantly recently as markets priced in the prospects of higher-for-longer rates scenario and we believe that bond returns can be improved from here, though this process may be delayed for a few months.

Availability

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

*Closed to new investors

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