



Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

31 December 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	3 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	%
Global Bonds	97.48
Australian Bonds	1.75
Cash	0.77

Top Holdings	%
US TREASURY N/B	16.59
Fannie Mae	5.34
CHINA GOVERNMENT BOND	4.69
JAPAN (10 YEAR ISSUE)	4.30
FRANCE (GOVT OF)	3.01
Freddie Mac	3.01
UNITED KINGDOM GILT	2.93
BUONI POLIENNALI DEL TES	2.65
JAPAN (20 YEAR ISSUE)	2.36
CHINA DEVELOPMENT BANK	2.22

Region Allocation	%
North America	43.59
Europe ex UK	25.27
Asia ex Japan	12.28
Japan	11.24
United Kingdom	4.27
Australasia	1.95
Cash	0.77
Others	0.63

Fund Performance

The Fund produced a strong positive return for the December quarter as yields fell and bond values rose.

Market Review

The December quarter was characterised by two distinct phases within global bond markets. In October, bonds were facing the prospect of another year of negative returns as strong economic momentum continued, leading to further, but more measured hawkish sentiment from developed central banks. This environment pushed bond prices lower and yields higher. However, encouraged by progress being made to bring inflation closer to target levels, the US Federal Reserve made a dovish pivot in November, leading to a sustained rally for the remainder of the quarter in fixed income markets.

In line with the rally in most risk assets, corporate bond spreads tightened by 21bps, with much of the movement occurring in November and December, bringing them back to levels not seen since the early stages of the Fed tightening cycle in 2022. Corporate balance sheets remained relatively strong, despite continued concerns about further increases in default rates and downgrades. Global bonds, as measured by the Bloomberg Global Aggregate Index (\$A hedged), returned 5.4% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned 6.9%% and 7.1% respectively, as measured by the Bloomberg Global Aggregate Corporate Index (\$A hedged) and Bloomberg Global High Yield Index (\$A hedged).

Outlook

Global bond markets are likely to continue to focus on predicted paths for US interest rates. Large drawdowns in recent years, resulting in bonds available at significantly cheaper prices, lead us to believe returns going forward will likely be reasonable; perhaps around running yield or a little more, as inflation slows, and central banks cut rates. Furthermore, bonds may serve as a diversifier to growth assets in the event of further economic slowdown.

Availability

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

*Closed to new investors

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