

AMP Capital Corporate Bond

Quarterly Investment Option Update

30 June 2019

Aim and Strategy

To deliver to investors regular monthly income (which exceeds the income from term deposits and government bonds) whilst seeking to provide capital stability to investors over the medium term. The portfolio also seeks provide total returns (primarily income with some capital growth) above the Bloomberg AusBond Bank Bill Index over a rolling three-year basis. The option invests in an actively managed portfolio of corporate bonds , primarily on investment grade rated corporate bonds in the Australian market and also has exposure to global bond markets. Exposure to global credit securities will principally be hedged back 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	Australian Fixed Interest
Suggested minimum investment timeframe	3 years
Relative risk rating	Low to Medium
Investment style	Active
Manager style	Single

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

Actual Allocation	%
International Fixed Interest	6.07
Australian Fixed Interest	91.08
Cash	2.84

Sector Allocation	%
Investment Grade Corporate	86.18
Agency MBS	7.94
High-Yield Corporate	3.31
Cash	2.84
ABS (Non-Mortgage)	0.88

Top Holdings	%
Westpac Banking Corp	3.61
National Australia Bank Ltd	3.32
COMMONWEALTH BANK AUST	3.22
Australia & New Zealand Banking Group Ltd	2.77
VOLKSWAGEN FIN SERV AUST	2.08
BRISBANE AIRPORT CORP LT	1.99
BPCE SA	1.87
APT PIPELINES LTD	1.78
WELLS FARGO & COMPANY	1.75
FBG FINANCE PTY LTD	1.71

Quality Allocation	%
BBB	40.92
A	31.34
AA	12.84
AAA	9.91
Sub Investment Grade	3.31
Cash	2.84

Fund Performance

The Fund delivered another solid positive return in the June quarter. At a security-level, exposures to Commonwealth Bank and National Australia Bank, and subordinated exposures to Credit Suisse and ABN AMRO were the main contributors to performance, while inflation-linked corporate exposure to Loy Yang Power modestly detracted.

Portfolio Positioning

The Fund remains well-diversified across sectors. Key financial exposures are to senior-ranked bonds, with larger weights to the four major banks domestically, and to foreign banks Wells Fargo and BPCE. Across corporates, key exposures are to utilities, real estate and industrials.

Market Review

A highlight of domestic bond trading in April was the further inversion of yield spreads across all tenors of Commonwealth Government bonds relative to their US counterparts. Bond yields extended their downward move over the remainder of the June quarter amid a slowdown in the rate of private sector credit growth and a contraction in business and personal lending. In early June, the Reserve Bank of Australia announced a widely anticipated decrease of 0.25% in the official cash rate to 1.25%. The RBA subsequently cut the rate by a further 0.25% in early July, citing a desire for lower unemployment. The Commonwealth Government 2-year bond yield ended the quarter at 0.98%, while the 10-year bond yield ended at 1.32%.

Outlook

With the Reserve Bank of Australia (RBA) cutting the cash rate to 1.25% in early June and telegraphing further interest rate cuts, Australian yield premiums are narrowing compared to those available in Japan and Europe. Although Australian sovereign fixed income and corporate credit still remain relatively attractive from an international and yield perspective, this advantage will steadily erode as the RBA completes its cutting cycle. A continuing weak housing market and high household debt levels also remain areas of concern and are likely to add to downward pressure on yields.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP1289AU
AMP Flexible Super - Retirement account	AMP1322AU
AMP Flexible Super - Super account	AMP1452AU
CustomSuper	AMP1289AU
Flexible Lifetime - Allocated Pension	AMP1296AU
Flexible Lifetime - Investments (Series 2)	AMP2037AU
SignatureSuper	AMP1303AU
SignatureSuper - Allocated Pension	AMP1310AU
SignatureSuper Select	AMP1303AU

Contact Details

Web: www.amp.com.au

Email: askamp@amp.com.au

Phone: 131 267



What you need to know

This publication has been prepared by AMP Life Limited ABN 84 079 300 379, AFSL No. 233671 (AMP Life). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying Investment Manager only and not necessarily the views of the AMP Group. No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. AMP Life is part of the AMP Group. In providing the general advice, AMP Life and AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

The information in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner.

The investment option referred to in this publication is available through products issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060 (ASL), AMP Capital Funds Management Limited ABN 15 159 557 724, AFSL 426455 (AMPCFM), ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac) and/or AMP Life. Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement for the relevant product, available from the issuer or your financial planner.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in (AMP Capital Corporate Bond). The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

No other company in the AMP Group nor underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance.