



# Super Easy Australian Fixed Interest

Quarterly Investment Option Update

30 June 2019

## Aim and Strategy

The strategy aims to provide returns that track the Bloomberg AusBond Composite 0+ Yr Index. Investments into the Australian 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 each product, please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Australian Fixed Interest
<b>Suggested minimum investment timeframe</b>	3 years
<b>Relative risk rating</b>	Low to Medium
<b>Investment style</b>	Index
<b>Manager style</b>	Single

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
Australian Fixed Interest	100
Cash	0

## 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 Super - Retirement account	AMP1333AU
AMP Flexible Super - Super account	AMP1462AU

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