



Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

31 March 2024

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	97.33
Australian Bonds	1.74
Cash	0.92

Top Holdings	%
US TREASURY N/B	16.76
Fannie Mae	5.09
CHINA GOVERNMENT BOND	4.93
JAPAN (10 YEAR ISSUE)	3.94
Freddie Mac	3.06
FRANCE (GOVT OF)	2.94
UNITED KINGDOM GILT	2.73
BUONI POLIENNALI DEL TES	2.53
JAPAN (20 YEAR ISSUE)	2.26
CHINA DEVELOPMENT BANK	2.14

Region Allocation	%
North America	44.08
Europe ex UK	25.42
Asia ex Japan	12.52
Japan	10.33
United Kingdom	4.13
Australasia	1.95
Cash	0.92
Others	0.66

Fund Performance

The Fund produced a positive positive return for the December quarter amid tougher conditions for global bond markets.

Market Review

Amidst the cheers of equity investors over robust economic data, fixed income investors faced a tougher March quarter, given rising yields. Factors such as falling but sticky inflation, resilient economic activity and the Fed's cautious shift from its dovish stance in December collectively contributed to negative returns from government bonds. The macroeconomic landscape also influenced market expectations regarding interest rate reductions which had been previously factored in. Specifically, the anticipated number of US interest rate cuts for 2024 declined from close to seven (towards the end of 2023) to no more than three by the end of the quarter, with market pricing aligning with this at the end of March.

Despite the sell-off in developed government bond markets, credit markets generally performed well during the quarter. Corporate balance sheets remained relatively strong despite modest increases in default rates and downgrades, albeit from very low levels.

Global bonds, as measured by the Bloomberg Global Aggregate index (\$A hedged), fell by -0.31% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned -0.23% and 2.31% 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 being available at significantly cheaper prices, lead us to believe returns going forward will likely be reasonable; perhaps around current running yield or a little more, as inflation slows, and central banks cut rates. Furthermore, bonds will likely serve as a diversifier to growth assets in the event of further economic slowdown. Stickier than expected inflation remains a risk, as this could cause a delay to interest rate cuts.

Availability

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

*Closed to new investors

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