



Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

30 September 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 bonds	100
Actual Allocation	%
Global Bonds	96.97
Australian Bonds	1.71
Cash	1.32

Top Holdings	%
US TREASURY N/B	18.05
CHINA GOVERNMENT BOND	5.12
Fannie Mae	4.89
JAPAN (10 YEAR ISSUE)	3.94
Freddie Mac	3.35
FRANCE (GOVT OF)	2.98
UNITED KINGDOM GILT	2.90
BUONI POLIENNALI DEL TES	2.59
JAPAN (20 YEAR ISSUE)	2.25
CHINA DEVELOPMENT BANK	2.11

Region Allocation	%
North America	44.13
Europe ex UK	25.14
Asia ex Japan	12.46
Japan	10.28
United Kingdom	4.12
Australasia	1.94
Cash	1.32
Others	0.60

Fund Performance

The Investment Option produced a strong return for the September quarter as global bond markets gained value.

Market Review

During the September quarter, global bond yields fell notably as central banks shifted to easing cycles amid moderating inflation and softer labour markets, resulting in positive returns from bonds. Yield curve steepening was a dominant theme, including the 2-10 year US treasury spreads, which uninverted for the first time in over two years. In a historically large move, the US Fed reduced its policy rate by 50 basis points in September to a target range of 4.75%-5.00%. The Fed also slightly lowered their inflation forecasts and raised their unemployment projections, maintaining a soft-landing outlook. Other key central banks followed suit in cutting rates, including the European Central Bank and those in Switzerland, Canada, the UK and New Zealand. The Bank of Japan however was an exception, raising its policy rate to 0.25% in July for the first time in decades given firmer inflation and domestic macro-economic dynamics. In other noteworthy news, Chinese policymakers showed determination to provide a cyclical boost to the economy through the use of various monetary measures, including a 20-basis point cut to the 7-day repo rate. Markets ended the quarter awaiting further details on the size and focus of these measures.

Global bonds, as measured by the Bloomberg Global Aggregate index (\$A hedged), returned 3.99% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned 4.74% and 5.16% respectively, as measured by the Bloomberg Global Aggregate Corporate index (\$A hedged) and Bloomberg Global High Yield index (\$A hedged).

Outlook

Global bond markets are likely to continue to focus on the expected paths for US interest rates. Large drawdowns in recent years, resulting in bonds being available at significantly cheaper prices, continue to 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, particularly during economic slowdown. Stickier than expected inflation remains a risk, as this could cause further delays 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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