



Global Fixed Interest Index (Hedged)

Quarterly Investment Option Update

30 June 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	97.24
Australian Bonds	1.72
Cash	1.03

Top Holdings	%
US TREASURY N/B	17.95
CHINA GOVERNMENT BOND	5.18
Fannie Mae	5.06
JAPAN (10 YEAR ISSUE)	3.72
Freddie Mac	3.12
FRANCE (GOVT OF)	2.77
UNITED KINGDOM GILT	2.76
BUONI POLIENNALI DEL TES	2.64
CHINA DEVELOPMENT BANK	2.18
JAPAN (20 YEAR ISSUE)	2.05

Region Allocation	%
North America	44.60
Europe ex UK	25.32
Asia ex Japan	12.83
Japan	9.62
United Kingdom	4.05
Australasia	1.92
Cash	1.03
Others	0.63

Fund Performance

The Fund produced a small negative return for the June quarter, however was solidly positive over the full financial year as bond markets gained value.

Market Review

The June quarter saw see-sawing government yields earlier in the period amid speculation around the magnitude and timing of expected interest rate cuts. As the quarter progressed a more conducive market environment emerged, driven by softening labour market conditions and better news on inflation. Increasing interest rate and yield divergence between developed countries was another theme. In the US, for example, the Fed kept rates on hold as expected, yet revised forecasts to suggest only one cut ahead for 2024, a decrease from three cuts previously anticipated. In June, rate cuts were seen in the Eurozone, Canada and Switzerland, while in the UK a decision to keep interest rates unchanged was noted as being finely balanced. Eurozone political events then contributed to yield divergence later in the quarter, with French spreads widening sharply versus Germany on the announcement of a snap French parliamentary election, implying investors perceived French debt as riskier. Global bonds, as measured by the Bloomberg Global Aggregate index (\$A hedged), fell by -0.16% in Australian dollar terms. Global investment grade and high yield credit meanwhile returned -0.10% and 0.95% 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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