

# AMP CAPITAL CORPORATE BOND FUND

Monthly communication — Platform

June 2021



INSIGHTS  
IDEAS  
RESULTS

# The Corporate Bond Fund aims to provide a more secure future for investors looking for capital stability and a regular income from their investments.

To achieve this, the Fund invests in an actively managed portfolio of corporate bonds, focusing predominantly on investment-grade bonds in the Australian market.

Reliable regular income

Help meet living expenses

A lower risk income solution

Replace a salary in retirement



## This month in brief

### Performance

The Fund produced a positive absolute return in the June quarter. The Fund had another strong quarter, with narrowing credit spreads continuing to generate returns from credit positioning. It was a better quarter for bond funds in general, with bond yields falling after the jump higher seen in the previous quarter. The Fund saw some modest gains from interest rate positioning, though maintains very low levels of exposure to interest rate moves currently. At the sector level, exposures to banks and financials, real estate, industrials, and securitised assets were the top performers. Exposures to communications, energy, and materials were the main detractors. At the security level, exposures to Scentre Group, Brisbane Airport, ABN Amro, Macquarie Bank, and Suncorp Group were the main contributors. Exposures to Loy Yang Power and Charter Hall Long Wale REIT were the main detractors. During the quarter, the Fund participated in primary issuance from AGI Finance, BPCE, BNP Paribas, Charter Hall Long Wale REIT, CHC Finance, Lendlease, Transurban, Macquarie Bank, and Bank of Queensland.

### Portfolio positioning

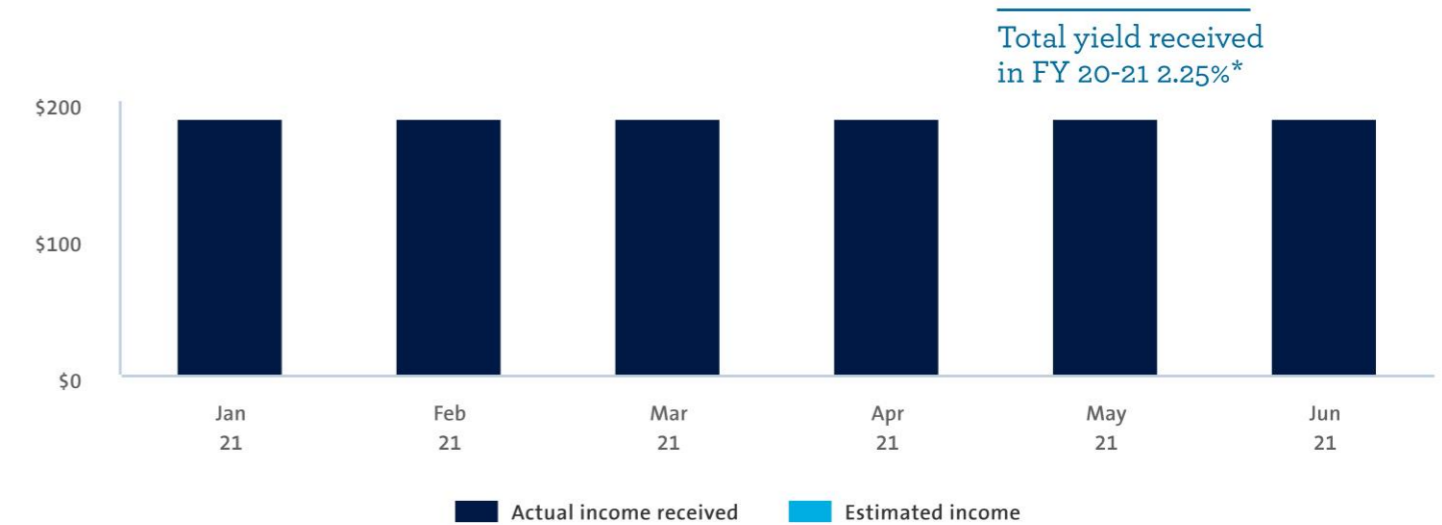
Current positioning has our credit exposures generating a strong level of excess yield, whilst not being overly exposed to any potential future bouts of volatility. More recently, we have been taking profit on exposures that have traded within our expectations of fair value and have added some credit derivative protection against a mild selloff. Despite this recent action, over the medium term, we continue to anticipate that credit spreads will ultimately tighten modestly in a technically driven manner, mainly due to the supply versus demand dynamic and the reach for yield. Our fundamental sector and stock selection process continues to emphasise quality issuers whose credit profiles are supported by strong operating cash flows, sound liquidity profiles and an ability and commitment to maintain their credit ratings through this cycle.

### Looking ahead

Our blended credit spread is at 117 basis points, with the combined market backdrop in a bit of a 'goldilocks' zone with fundamentals improving and investor appetite remaining solid, despite credit spreads being in the tightest quintile of post-global financial crisis experience. Credit spreads held in reasonably well during the recent bond sell-off on expectations driven by concerns of reflation and will continue to be watched closely by investors and what those evolving expectations mean for fund flows into the sector. While liquidity premia remain somewhat elevated, especially in Australian credit markets, we will continue to broadly maintain our credit exposure. The bulk of our exposures remains in high quality, shorter-dated credit exposures and we have begun to trade out of longer-dated exposures that have performed strongly.

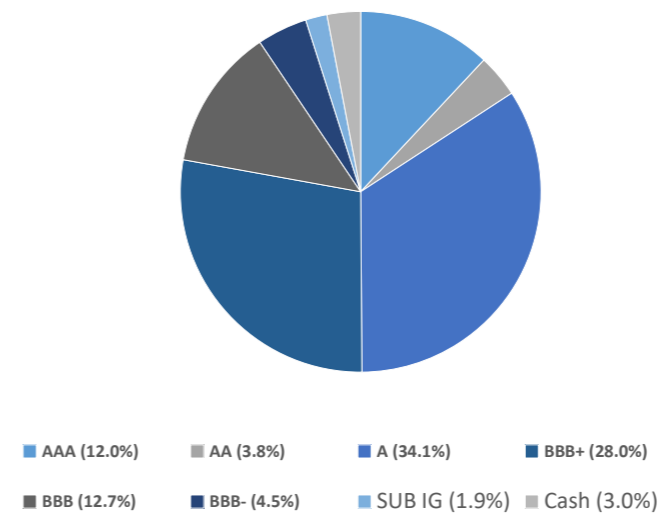
## Plan your income

A forecast monthly income amount is regularly provided, and is currently estimated to be 0.175% per month until June 2021. For illustrative purposes, the chart below represents income based on \$100K investment.

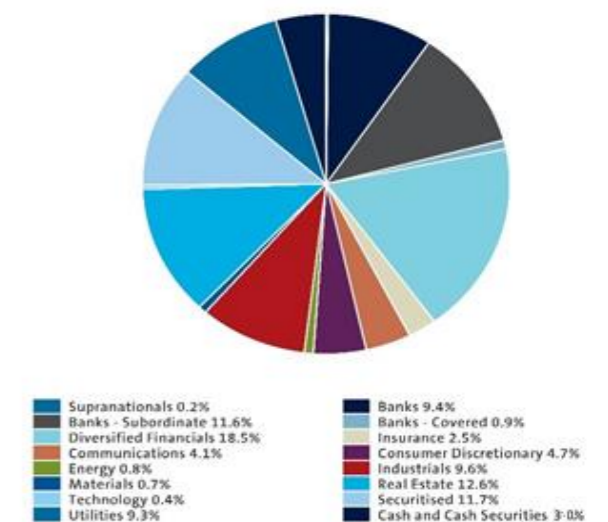


\*Effective yield is based on the unit price at the start of the period. It is important to note that the final annualised distribution yield will not be known until the end of the financial year, that the distribution yield estimate isn't guaranteed, and that it may change over the period due to market movements in the Fund unit prices. We base our estimate on assumptions set out at the end of this document, and you should be aware that if facts differ from our assumptions, the final distribution yield may differ from the estimate.

### PREDOMINANTLY INVESTED IN HIGH GRADE BONDS



### DIVERSIFICATION ACROSS STABLE INDUSTRIES



## Here's how the fund performed

	1mth %	3mth %	1yr %	3yr %	5yr %	Since Inception
Distribution	0.17	0.53	2.30	2.62	3.04	5.17
Growth	-0.05	-0.01	1.30	-0.05	-0.21	0.27
<b>Total Return</b>	<b>0.13</b>	<b>0.51</b>	<b>3.60</b>	<b>2.57</b>	<b>2.83</b>	<b>5.43</b>

Past performance is not an indicator of future performance. The inception date for unit Class A is 23 June 2009. Performance is annualised for periods greater than one year. Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after Class A fees and costs, assume all distributions are reinvested.

TOP 10 CREDIT HOLDINGS AS AT 30 JUNE 2021	WEIGHT %
Australia & New Zealand Banking Group Ltd	3.3
BPCE SA	3.1
FirstMac Mortgage Funding Trus	3.0
National Australia Bank Ltd	3.0
Westpac Banking Corp	2.9
Bank of Montreal	2.3
Scentre Group	2.3
Sumitomo Mitsui Financial Grou	2.2
Banco Santander SA	2.1
Commonwealth Bank Australia	2.0

Allocation to global securities (ex Australia): 3%

## FUND DETAILS

Inception date	23 June 2009
Strategy size	\$894.20 million
Distribution frequency	Monthly
APIR code	AMP0557AU
Buy/Sell spread	+/-0.20%
Suggested minimum investment timeframe	3 years
Modified Duration	0.23
Investment objective	The AMP Capital Corporate Bond Fund aims to deliver regular monthly income, whilst seeking to provide capital stability to investors over the medium term. To provide total returns (primarily income with some capital growth) above the Fund's benchmark over a rolling 3-year basis.

## Portfolio manager



**Sonia Baillie**  
Co-Portfolio Manager

Sonia Baillie was appointed as Head of Credit in November 2016 and is responsible for leading the Credit Research and Credit Portfolio Management teams. Ms Baillie also contributes to the macro, credit macro and risk management group and is a senior member of the Fixed Income Investment Committee. Previously Ms Baillie was Head of Credit Research responsible for credit risk across the portfolios including industry allocation, stock selection and for developing the investment process. Ms Baillie joined the firm in 2010 and has also held roles as Head of Asian Fixed Income and Senior Portfolio Manager in Credit. Ms Baillie graduated from the University of New South Wales with a Bachelor of Commerce (Merit) and is a qualified Chartered Accountant, a CFA Charterholder and a member of the Australian Institute of Company Directors.



**Nathan Boon**  
Co-Portfolio Manager

Nathan Boon is Head of Credit Portfolio Management and a senior member of the Fixed Income group that formulates portfolio strategy and risk utilisation. Nathan is the lead portfolio manager for a number of investment-grade and hybrid-oriented strategies and was appointed Co-Portfolio Manager of the Corporate Bond Fund in March 2018. Having joined AMP Capital in 2004, he has extensive experience in portfolio construction, risk management, and quantitative analysis, and specialises in managing exposures to credit risk premia through the cycle. Nathan is a CFA Charterholder and also holds a Bachelor of Commerce in Actuarial Studies and a Bachelor of Applied Finance, both from Macquarie University.

## CONTACT DETAILS

For more information on the Fund including fees, product features, benefits and risks talk to your adviser or call us on 1800 658 404 or visit [ampcapital.com.au](http://ampcapital.com.au)

**Important note:** Investors should consider the Product Disclosure Statement (PDS) available from AMP Capital Investors Limited (ABN 59 001 777 591) (AFSL 232497) (AMP Capital) for the AMP Capital Corporate Bond Fund - Platform Class A (Fund) before making any decision regarding the Fund. AMP Capital Funds



Management Limited (ABN 15 159 557 721, AFSL 426 455) is the responsible entity of the Fund and the issuer of units in the Fund. The PDS contains important information about investing in the Fund and it is important investors read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. Neither AMP Capital, nor any other company in the AMP Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance. While every care has been taken in the preparation of this document, AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This fact sheet has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this fact sheet,