

APIR Code AMP0676AU

For more information

T: 1800 658 404
F: 1800 630 066
E: clientservices@ampcapital.com
W: www.ampcapital.com.au
Or your business development manager

AMP Capital Investors Limited
ABN 59001777591, AFSL 232497



July 2010

Future Directions International Bond Fund - Wholesale

Investment objective

To provide a total return, after costs and before tax, higher than the return from the benchmark on a rolling 3 year basis.

Minimum suggested time frame

2 to 3 years

Type of fund

The Fund normally invests using a multi-manager style in fixed or floating interest rate securities in countries around the globe.

Performance benchmark

Barclays Capital Global Aggregate Index (hedged in AUD)

Inception date

30 Oct 2002

Fund size

\$1,501.29 million

Management costs

0.6%

Distribution frequency

Quarterly

Buy/sell spread

+0.17/-0.17

Investment approach

The Fund normally invests using a multi-manager style in fixed or floating interest rate securities in countries around the globe. These securities include government securities, government-related securities, corporate securities, asset-backed securities and hybrid securities (such as convertible notes) in both developed and emerging markets.

Target manager allocation

Manager	Allocation
Amundi Asset Management	25.0%
Mondrian Investment Partners	25.0%
Putnam Investments	25.0%
Brookfield Asset Management	10.0%
Goldman Sachs Asset Management	15.0%

Performance – periods to 31 July 2010

%	1 mth	3 mth	1 yr	3 yr	5 yr	incept
Before tax and after fees	0.72	2.59	17.50	5.92	5.24	6.36
Before tax and fees	0.76	2.72	18.15	6.58	5.88	7.01
Benchmark	1.14	3.62	11.07	9.79	7.51	7.74
Growth	0.71	-7.50	5.92	-2.06	-2.97	-3.09
Income	0.01	10.09	11.58	7.97	8.21	9.46

*Performance more than 1 year is annualised

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 'O' fees and costs, assume all distributions are reinvested and are annualised for periods greater than one year.

Performance and Activity

The Future Directions International Bond Fund - Wholesale (the Fund) returned 0.72% (Before tax and after fees) in the month of Jul, compared to the benchmark return of 1.14%

All managers except Amundi outperformed their respective benchmarks in July. Positive contributors to performance were the Fund's exposures to credit – particularly financials and lower-rated securities – and the Securitised sector. This was largely the result of good performances from Putnam, Goldman Sachs Asset Management and Brookfield. Exposure to countries like Poland and Ireland (via Mondrian) and Venezuela (via Amundi) also benefited the Fund over the month. Against this, the Fund's overall short duration position and overweight exposure to the US dollar weighed on performance, as did an underweight exposure to the euro.

Market commentary

Volatility in global bond yields was relatively subdued in July, which saw global bond markets trade in fairly tight ranges across the month. Volatility eased as a result of stronger US company earnings, no surprises from European bank stress tests and broadly positive economic data. The US ten-year bond yield fell 0.03% to close the month at 2.91%, and Japan's ten-year bond yield fell 0.02% to close at 1.07%. In Europe, the UK ten-year bond yield fell 0.03% to 3.33% whereas Germany's ten-year bond yield rose 0.09% to end July at 2.67%.

July saw a return to risk, with the recovery in credit markets causing some spread contraction and new issuance being absorbed by the return of inflows into credit funds. The US dollar fell while the euro recovered as fears about Europe's sovereign debt crisis eased. The publication of European bank stress tests also helped the market, with financials in particular recovering some of the losses of the past two months. The Barclays Capital Credit Index ended July 18 basis points (bps) tighter and outperformed duration-matched Treasuries by 123 bps. The best performing sectors during the month included refining, independent energy and oil field services, while the worst performing sectors included retailers, healthcare and consumer products. Longer-dated and lower-rated securities performed relatively well. The Securitised sector also outperformed Treasuries in July.

Outlook

Europe's sovereign debt crisis has seen investors pursue 'safe havens' in the form of German Bunds and US Treasuries. The crisis should gradually abate with the recognition that the European Union and International Monetary Fund's rescue package should prevent the vulnerable (Greece, Portugal and Spain) from infecting global growth. Rising private credit demand and the legacy of funding large budget deficits are expected to see modest upward pressure on sovereign bond yields in 2011.

As credit spreads return to the more 'normal' levels typically seen through economic downturns, we expect investors to revert to a more stock-specific focus. We are still faced with a yield dilemma in many developed countries i.e. the yield on credit is starting to look less compelling due to base government bond yields, while longer-term spreads are still wide compared to previous cycles. Lower-quality issuers, particularly those in cyclical industries that are traditionally

more exposed to periods of economic contraction, will likely be impacted the hardest by what is happening in the global economy. However, many strong companies have been caught up in market repricing as well, with spreads widening in many cases beyond levels that are appropriate from a fundamental viewpoint. From a risk-adjusted return perspective, the prospects for these investments over the medium term look to be attractively priced and we will focus on these issuers accordingly.

Manager focus

Mondrian Investment Partners (global aggregate)

The Mondrian Investment Partners portfolio outperformed its benchmark in July, though it did post a negative return for the month.

The portfolio's performance was driven mainly by overweight exposures to Poland, Ireland and Australia, and corporate bonds. The portfolio's duration and other strategies (including security selection, market timing and cash management) also contributed positively overall, while currency exposure was the biggest detractor.

Looking ahead, the financial sector continues to represent good value, particularly in light of more robust capital levels, continued deleveraging and a levelling off in loan losses. The manager will continue to opportunistically top up some of their positions in the names they like.

Manager allocation

%	Current
Putnam	27.61
Mondrian	25.21
Credit Agricole	23.97
Goldman Sachs	15.14
Hyperion	11.74
Cash	-3.67

Investors should consider the current product disclosure statement (PDS) available from AMP Capital Investors Limited (ABN 59001 777 591) (AFSL 232497) for the Future Directions International Bond Fund - Wholesale unit class before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it's 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 the product or any particular rate of return. Past performance is not a reliable indicator of future performance. AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in this fact sheet including any forecasts. This fact sheet has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives or financial situation. An investor should, before making any investment decisions, consider the appropriateness of the information in this fact sheet, and seek professional advice, having regard to the investor's objectives and financial situation