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January 2010

# AMP Capital Corporate Bond Fund - On-platform Class A

### Investment objective

To provide a total return (primarily income with some capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis.

### Minimum suggested time frame

3 years

### Type of fund

The Fund invests in an actively managed portfolio of credit securities such as corporate bonds. The Fund focuses on investment grade rated corporate bonds in the Australian market. The Fund also has exposure to global bond markets.

### Performance benchmark

UBS Composite Bond (All Maturities) Index

### Inception date

23 Jun 2009

### Fund size

\$1,695.26 million

### Management costs

0.6%

### Distribution frequency

Monthly

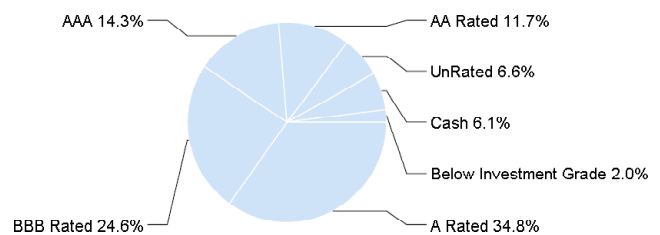
### Buy/sell spread

+0.00/-0.13

### Investment approach

The Fund primarily seeks credit securities from companies with strong management, and balance sheets that display characteristics such as sufficient liquidity and low levels of gearing. Diversification is achieved mainly through investment in securities across a range of industries such as financials, utilities and telecommunication providers.

### Asset allocation



### Performance – periods to 31 January 2010

The AMP Capital Corporate Bond Fund's (Fund) inception date is 23 June 2009 ( for Class A "platform" units). Therefore, as the Fund has less than 12 months' performance history, ASIC's requirements mean that we are unable to provide details of the Fund's past performance.

## Performance and Activity

The AMP Capital Corporate Bond Fund - On-platform Class A (the Fund) returned 2.14% (Before tax and after fees) in the month of Jan, compared to the benchmark return of 1.33%

Global equity markets sold off toward the end of January, as risk aversion spiked due to a combination of fears regarding Chinese policy tightening, US policy rhetoric aiming to restrict the activities of US banks, and further Euro-zone sovereign debt concerns. Credit spreads on physical bonds were largely tighter over the month, and outperformed movements in credit derivatives. The iTraxx Europe (investment-grade) index finished 7 basis points (bps) wider, while the North American CDX (investment-grade) index closed 11 bps wider. Physical bonds bucked this trend however, as investors looked to reinvest excess cash balances into credit markets. Risky asset markets performed well over the first half of January, thanks to a combination of thin liquidity and positive sentiment. However, sentiment started to wane from mid-month as news of China's intentions to tighten bank lending standards filtered through to the market. Risky assets underperformed into month-end on the back of further deteriorations in the Greek fiscal position, and increased regulatory and political risk via President Obama's proposed banking limits to curb risk-taking activities.

Fund activity over the month was centred on investments into two new long-dated primary deals. These new purchases were in a Commonwealth Bank of Australia senior ten-year deal, and in a US dollar-denominated ten-year bond from supranational issuer Kredit Wiederauf. We also continued to take profit on our position in Holcim Finance, which has performed strongly since it was issued in August. The Fund remains broadly overweight investment-grade credit. The main industry overweights include Securitised, Industrials and Utilities. There are no material industry underweights. These positions are largely funded from the government, semi-government and supra and sovereign-guaranteed buckets. The Fund again saw solid performance over the month. In credit, the top performing sectors were Insurance and Banking, with marginal underperformance seen from the Industrials sector. There was also positive relative performance seen from the Fund's active underweight position in semi-government bonds. This was due to our focus on the longer-end semi-government bonds, which saw better performance than their shorter-dated peers as spreads tightened over the month. The top performing issues in credit were in the higher-beta hybrid capital securities, with AXA Tier 1 bonds and Swiss Re Tier 1 again performing strongly. The allocation to ASX-listed hybrids saw flat performance over the month, with Multiplex SITES the best of these. There were no material underperformers during the month.

## Outlook

We are likely to continue to face some volatility as central banks and governments worldwide begin to unwind some of the stimulus introduced to address the global financial crisis. The challenge will be to balance the unconventional policies until such a time that business investment is at a more 'normal' level, versus the risk that this additional liquidity is left in the system for too long and excessive risk-taking starts

to become a problem again. How this removal of stimulus is handled will likely have a large impact on the prospect for a 'V-shaped' recovery. Recent company earnings reports have highlighted that improvements to profitability have been primarily through cost-cutting measures. An improvement in economic stability is likely to be required before significant gains through revenues will be seen. The prospect for increased global mergers and acquisitions activity is also likely to rise over the short term, as strong companies with stable cashflow look to consolidate within their respective industries. There are also concerns over the credit and rating stability of sovereigns (including the US), and whether there will be flow-on effects from the high levels of debt incurred by sovereigns as a result of the events of the past 12 months. The outlooks for sovereigns such as Greece, Portugal, Italy and Spain have deteriorated, and this has recently been a focus point for the market. We believe that public sector re-leveraging in the wake of the financial crisis is a dynamic that investors will need to watch closely over the coming months.

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Investors should consider the current product disclosure statement (PDS) available from AMP Capital Investors Limited (ABN 59001 777 591) (AFSL 232497) for the AMP Capital Corporate Bond Fund - On-platform Class A 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