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AMP Capital Investors Limited  
ABN 59 001 777 591, AFSL 232497



December 2011

## AMP Capital Sustainable Share Fund - On-platform Class A

### Investment objective

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

### Minimum suggested time frame

5 years

### Fund description

The Fund invests primarily in companies listed on the Australian Securities Exchange.

### Performance benchmark

S&P/ASX 200 Accumulation Index

### Inception date

25 Apr 2001

### Fund size

\$801.08 million

### Management costs

0.9716% and recoverable expenses

### Distribution frequency

Half Yearly

### Buy/sell spread

+0.25/-0.25

### Investment approach

The Fund's 'Sustainable Alpha' investment process is an active, bottom up approach that systematically integrates environmental, social and governance factors with financial measures to gain deeper insights into a company's growth and risk elements.

### Asset allocation

%	Current
Financials	34.82
Materials	22.98
Industrials	10.46
Energy	7.80
Consumer Staples	6.86
Telecommunication Services	6.72
Health Care	3.94
Utilities	2.86
Cash	1.85
Consumer Discretionary	1.70
Information Technology	0.00

### Performance – as at 31 December 2011

Inception Date – 25 Apr 2001

%	1 mth	3 mth	1 yr	3 yr	5 yr	incept
Benchmark	-1.35	2.12	-10.54	7.58	-2.31	6.33
Distribution	2.92	3.01	3.82	3.63	4.44	4.50
Growth	-4.52	-1.49	-15.91	2.30	-8.58	1.77
Total return - after fees	-1.60	1.53	-12.10	5.93	-4.13	6.27

Past performance is not a reliable indicator of future performance. 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 and are annualised for periods greater than one year.

## Performance and Activity

Performance in December was supported by the large underweight position in Newcrest Mining (we avoid it for ESG reasons) after it released a disappointing production outlook. Overweight positions in relative defensive stocks, Telstra and Australian Infrastructure Fund, were also key positive contributors to relative performance.

The largest drag on relative performance for the fund came from Kathmandu Holdings after it issued an earnings downgrade. The Fund's overweight position in Flight Centre suffered from collateral damage. Underweight positions in Woolworths (we avoid it for ESG reasons) and Commonwealth Bank were also significant factors behind the relative underperformance during December.

During December, the Fund trimmed its risk exposure through a combination of trades, bringing the beta of the portfolio back closer to neutral. Key additions to the portfolio were made in Leighton Holdings, Coca-Cola Amatil, SAI Global, CSL and Stockland. Stocks where exposure was reduced during the month included NRW Holdings, Challenger, Charter Hall Metcash and Duet.

The Fund remains favourably exposed to momentum and value factors that have been shown to support relative investment performance.

## ESG Research and Engagement

In December we met with the chairman of Orica and discussed the board's approach to process safety risk, CEO succession planning and remuneration structure. We also met with Fairfax Media to discuss employee engagement and other sustainability drivers as part of our ongoing review of the media sector. Some of the main sustainability drivers that media companies are facing include convergence of media technologies, commoditisation of news and regulatory change. In addition, there is more focus on journalistic standards following the closure of News of the World in the UK.

During the month we also met with Pacific Brands to discuss its supply chain management. Pacific Brands is the only Australian signatory to the Ethical Trading Initiative, which is a coalition of unions, NGOs and companies to improve labour conditions for workers. Having a robust ethical sourcing framework is important in order to avoid brand damage. Also, happy workers tend to be more productive workers and analysis shows that worker exploitation has a poor risk/reward ratio.

Finally, we met with the management of Metcash and discussed why the uptake of 'green consumerism' has been relatively slow in Australia compared to, for example, Europe. Management also provided insight about the company's health and safety risk management systems and what the company will do to improve its injury performance.

## Market commentary

Australian shares experienced ongoing volatility during the quarter as global share markets fluctuated in response to the ongoing sovereign debt issues in Europe. Australian shares rebounded early in the quarter with hope of a plan to address the European crisis and were given an additional lift by heightened expectations for an interest rate cut. Australian shares fell back in November in line with the global trend. The best performing sectors were Utilities (+8.1%),

Telecommunication Services (+6.9%) and Industrials (+6.9%). The star performers of the Utilities sector were Hastings Diversified (+34.3%) and Energy World Corporation (+33.0%), while APA Group (+15.1%) was the best performer in the Utilities sector. The worst performing sectors were Materials (-3.1%) and Consumer Staples (-2.9%). White Energy (-74.3%) and OneSteel (-43.5%) detracted the most from the Materials sector while the Consumer Staples sector was dragged lower by Goodman Fielder (-9.4%) and Wesfarmers (-6.6%).

## Outlook

The outlook for Australian shares is relatively more favourable than their global counterparts thanks to a combination of better fundamentals in Australia and the likelihood of further interest rate cuts following the Reserve Bank of Australia's rate cut in December. We expect the Australian S&P/ASX 200 index to rise to around 4800 by the end of 2012.

## Top 10 holdings – as at 31 Dec 2011

Security Details	% Portf	% Bench
BHP BILLITON LTD	11.26	11.44
NATIONAL AUSTRALIA BANK	6.56	5.40
TELSTRA CORP LTD	6.17	4.29
WESTPAC BANKING CORP	5.95	6.31
COMMONWEALTH BANK AUST	5.68	8.03
WESFARMERS LTD	5.60	3.54
AUST & NZ BANKING GROUP	5.17	5.66
RIO TINTO LTD	4.75	2.72
CSL LTD	3.28	1.76
SUNCORP GROUP LTD	2.33	1.12

## Top 5 Over Weight – as at 31 Dec 2011

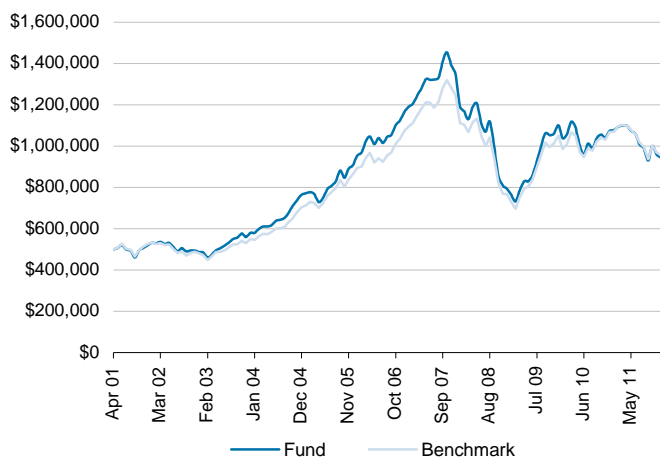
Security Details
WESFARMERS LTD
RIO TINTO LTD
TELSTRA CORP LTD
INCITEC PIVOT LTD
CSL LTD

## Top 5 Under Weight – as at 31 Dec 2011

Security Details
WOOLWORTHS LIMITED
COMMONWEALTH BANK AUST
NEWCREST MINING LTD
AMCOR LTD/AUSTRALIA
ORICA LTD

Investors should consider the current product disclosure statement (PDS) available from AMP Capital Investors Limited (ABN 59001 777 591) (AFSL 232497) (AMP Capital) for the AMP Capital Sustainable Share Fund - On-platform Class A (Fund) 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, financial situation, or needs. 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, financial situation, and needs.

### \$500,000 invested since inception



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