

# Sustainable Share Fund

May 2009

## Fund Aim

To achieve a total return above the Fund's performance benchmark.

## Time Frame

5 to 7 years

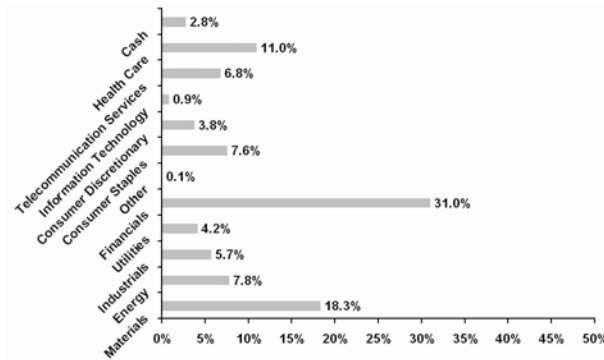
## Type of Fund

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.

## Performance Benchmark

S&P/ASX 200 Accumulation Index

## Asset Allocation



## Fund Facts

Inception date	21 Feb 2001
Fund Size	\$1,192.97 million
Management Expense Ratio (MER)	0.7159%
Income Distribution Frequency	Six Monthly
Level of Risk	High
Buy/Sell Spread	0.005

## Performance - periods to 31 May 2009

	% (1 mth)		% p.a. (3 mth, 1 yr, 3 yr, 5 yr)			Incept
Growth Return	13.54	-33.32	-12.66	-0.05		
Income Return	n/a	2.31	6.61	6.44		
Before tax and fees	0.24	13.75	-30.44	-5.35	7.16	7.09
Before tax aft fees	0.17	13.54	-31.01	-6.05	6.39	6.33
Benchmark*	1.36	15.54	-28.94	-4.41	6.59	6.07

\*Returns greater than one year have been 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

The Fund returned 0.24% in May (before tax and fees), underperforming its benchmark by 1.12%.

Volatility in the Australian share market re-emerged to some extent in May with the S&P/ASX 200 Accumulation Index returning +1.4% for the month. While the overall monthly performance remained in positive territory, data releases revealed continued weakness in the economy. Despite signs of stabilisation in key areas such as retail sales, building approvals and business conditions, shares fell on the poor global lead, capital raisings and some profit downgrades. The best performing sectors in May were Materials (+6.6%), Energy (+6.4%) and Property (+3.8%). Lynas Corporation, Murchison and Mincor were the largest positive contributors to the Materials sector; while Carnarvon Petroleum, Riversdale Mining and Acquila Resources were the strongest Energy performers. The poorest performing sectors were Health Care (-7.5%), Telecommunication Services (-6.2%) and Consumer Staples (-5.0%). CSL, Resmed and Sigma Pharmaceuticals dragged down the Health Care sector; while Telecom Corporation of New Zealand and Telstra Corporation detracted particularly from the Telecommunication Services sector. Assisting the Fund's performance in May were overweight positions in Primary Health Care, Macquarie Leisure Trust, Singapore Telecommunications and Australia Infrastructure Fund (which rose on signs that traffic at its key airports remains more resilient to slower economic activity than expected); and underweight positions in Woolworths (which fell on sparse company-specific news flow) and Fosters Group. Detracting from the Fund's performance during the month were overweight positions in Resmed, SP Ausnet (which announced a 33% cut in its 2010 financial year dividend per share and a one for four rights issue to raise up to A\$415 million), QBE Insurance Group and Goodman Group; and underweight positions in Orica and BHP Billiton (which ended the month higher on stronger commodities prices).

The Fund remains focused on emerging industries of the future, such as healthcare, renewable energy, waste processing, public transport and education. Stocks need to demonstrate growth at a reasonable price, meaning that no matter how impressive a company's socially responsible investing credentials, it also needs to satisfy the Fund's financial criteria for inclusion.

## Outlook

Allowing for volatility, shares are likely to continue to push higher over the next few months. After considerable gains leading into early May, it appears shares are still in consolidation mode. While capital raisings, further bank losses and rising unemployment all have the potential to add to short-term volatility, the resilience of share markets in the face of recent bad news is a positive sign. Allowing for the prospect of a further correction, there is good reason for cautious optimism that the rebound in shares from their March lows is the start of a cyclical recovery as opposed to just another bear market rally.

## Top 10 Holdings - as at 31 May 2009

Security Details	% Bench.	% Portf.	Curr.
BHP BILLITON LTD.	14.02%	11.60%	AUD
COMMONWEALTH BANK OF AUSTRALIA	6.20%	5.95%	AUD
WESTPAC BANKING CORP.	6.62%	5.75%	AUD
TELSTRA CORP. LTD.	3.91%	5.07%	AUD
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD.	4.14%	4.41%	AUD
RIO TINTO LTD.	2.22%	4.23%	AUD
WESFARMERS LTD.	2.98%	3.50%	AUD
QBE INSURANCE GROUP LTD.	2.33%	3.27%	AUD
ORIGIN ENERGY LIMITED	1.54%	2.50%	AUD
NATIONAL AUSTRALIA BANK LTD.	5.09%	2.45%	AUD

## Top 5 Over Weight - as at 30 April 2009

Security Details	Curr.
RESMED INC	AUD
RIO TINTO LTD.	AUD
TRANSFIELD SERVICES LTD.	AUD
QBE INSURANCE GROUP LTD.	AUD
ORIGIN ENERGY LIMITED	AUD

## Top 5 Under Weight - as at 30 April 2009

Security Details	Curr.
WOOLWORTHS LIMITED	AUD
BHP BILLITON LTD.	AUD
WESTPAC BANKING CORP.	AUD
WESTFIELD GROUP	AUD
FOSTERS GROUP LIMITED	AUD

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^ Refers to the total pool of underlying assets sourced from the relevant Fund/PST Portfolio. This may include funds from a range of different products and unit classes.

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