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AMP Capital Asian Equity Growth Fund

Access Asia's high
growth markets

Asia as an investment prospect

Asia continues to command a significant presence in world economics and is anticipated to continue growing over the coming decades. With the region accounting for one quarter of the world's GDP, and growth projected to continue in the long term, it is difficult to ignore the investment opportunity Asia presents.

Asia's growth story comes from a number of highly interrelated factors. The three key areas to consider are:

Regional economic growth | The industrialisation of Asia | Rising domestic demand

The growth of a regional economy

The Asian region has effectively built an economic environment that is more internally supportive than competitive:

A cooperative economic environment – rather than countries competing to produce and sell goods, the region utilises the strengths of specific countries to complete different steps in the production chain. This process ultimately creates a more efficient system. Trade in the region has also more than doubled in the last 30 years and 51% of all Asian imports and exports are sourced from within².

Sustainable level of trade from within their own region – strength in regional trade means Asia is becoming less reliant on external economies for their own growth.

Open trade in the region – this is largely due to a reduction in artificial economic barriers and increases in Free Trade Agreements over the last decade³.

The industrialisation of Asia

Industrialisation in Asia is focused on creating fields of excellence. This not only retains Asia's high export levels and external demand for goods, it also generates wider benefits within the region:

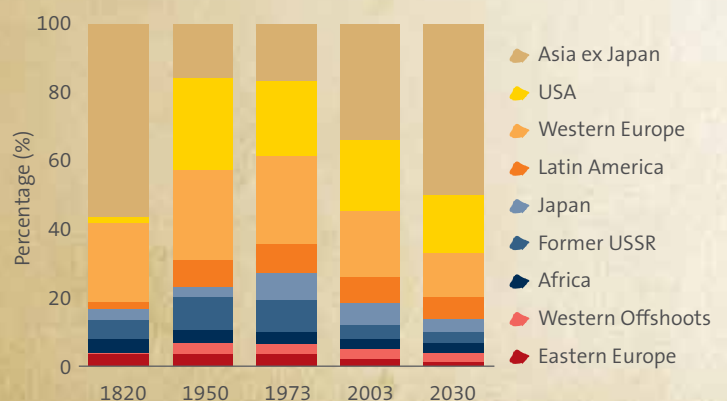
Shift from an 'imitation' to 'innovation' mentality – traditionally stereotyped as a region for producing low-cost copies, Asia is now redefining itself as a leader in high-end manufacturing and the services industry. Countries such as China and India are now major players in areas of science, technology and IT.

Globally competitive companies – while their home economies may still be developing, many companies in Asia (Samsung and Tata Group (India) for example) are already market leaders. Businesses such as these pave the way for new companies in these regions.

Movement to the cities – as more people move to the cities and businesses set up in major hubs, financial flows increase in these areas. To support this growth, greater investments are needed in infrastructure (e.g. housing and roads) which further boosts economic activity in the region.



World GDP (per capita) by region¹



Rising domestic demand

Asia's ongoing contribution to world GDP is likely to be correlated to rising domestic demand and increases in consumer spending (in conjunction with Asia's lower levels of personal debt)⁴:

Increases in disposable income generate domestic demand – it is anticipated that by 2025 over 40% of the Asian population will fall into the category of 'middle class'⁵. These individuals have at least one third of their income left for spending on non-essential items. This creates more opportunities for spending within the region.

Government policy reforms to free up household income – China is a prime example of this trend. Their reforms include⁶:

- Increased monetary aid for university students
- Free compulsory education for school aged children
- Changes to pension schemes to encourage greater participation from both the public and private sector

Typically the top three reasons for individual savings in China are; healthcare (as a precautionary measure), provision for retirement, and social welfare (i.e. housing and education)⁷. Reforms like these will release a greater portion of household income for spending on discretionary items.

Endnotes

- 1 'Shares of the Rich and the Rest in the World Economy: Income Divergence between Nations, 1820-2030', Maddison A., Asian Economic Policy Review (3,1) pp.67-82, June 2008.
- 2 'Asian Development Outlook 2009: Rebalancing Asia's growth', Asian Development Bank, 2009.
- 3 'The Changing Anatomy of Regional Trade Agreements in East Asia', Suominen, K., Journal of East Asian Studies (9), pp. 29-56, 2009.
- 4 http://asianbondsonline.adb.org/regional/data/bondmarket.php?code=Domestic_Financing_profile, Asian Development Bank, accessed April 23, 2009.
- 5 'Burgeoning bourgeoisie', The Economist, February 12, 2009.
- 6 'Mid-term Evaluation of China's 11th Five Year Plan', Poverty Reduction and Economic Management Unit, East Asia and Asia Pacific, December 18, 2008.
- 7 'The Chinese consumer: To spend or to save?', Lane K.P. & St-Maurice, I., The McKinsey Quarterly (1), 2006.

Introducing the AMP Capital Asian Equity Growth Fund

The AMP Capital Asian Equity Growth Fund ("the Fund") targets investment opportunities across Asia (ex-Japan) in the Greater China, Indian Sub-continent, East and South-East Asian regions. This includes markets such as Hong Kong, Korea, Singapore and Taiwan, while having significant exposure to markets in China and India.

Within these markets the Fund actively seeks stocks with the following characteristics; strong competitive advantage, effective management strategy; and good access to capital.

In constructing the Fund portfolio and managing the inherent risks, the investment team utilises their access to sophisticated technologies as well as their own experienced insights.

The offer at a glance

Investment objectives The Fund aims to provide investors with access to a diversified range of potentially high growth Asian equity opportunities. The Fund aims to provide solid risk adjusted returns (capital growth and income), out-performing the benchmark over the long term.

Benchmark MSCI All Country Asia ex Japan Net Index AUD

Contribution fee We currently do not charge a contribution fee. The maximum fee that can be charged under the Fund's constitution is 5% of the application amount.

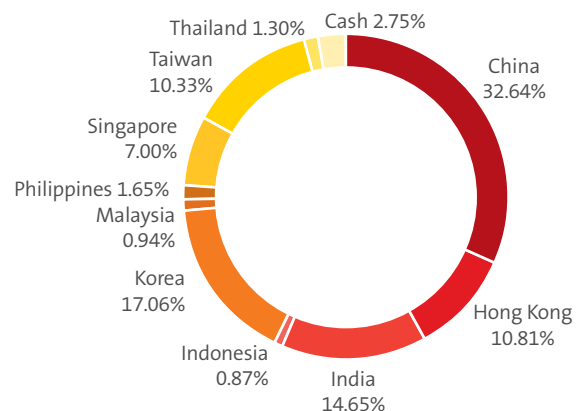
Management fee 1.4% p.a. (GST inclusive)

Withdrawal fee We currently do not charge a withdrawal fee. The maximum fee that can be charged under the Fund's constitution is 5% of the withdrawal amount.

Buy spread 0.4%

Sell spread 0.4%

Geographic allocation of the Fund as at 31 March 2009



AMP Capital's Asian expertise

Our long-term presence and networks in the Asian region provide proprietary access to deal flow and enable us to gain insights into local markets to capture the best possible investment opportunities.

- 45 years of experience in the Asia Pacific region
- Regional offices in Beijing, Mumbai, Sydney, Singapore and Tokyo
- The first Australian company to receive a Qualified Foreign Institutional Investor licence to trade in China 'A' shares (those listed on the Shanghai or Shenzhen stock exchanges)
- We hold a Foreign Institutional Investor licence to invest on the Indian stock exchange

The Asian Equity Growth Fund team

We have shown ongoing commitment to building our expertise for the AMP Capital Asian Equity Growth Fund. For over two years we have built up a hand picked investment team. Selecting individuals with specific regional expertise and backgrounds was a deliberate strategy to maximise the breadth and depth of knowledge in the team. All of our specialists working on this Fund have had experience in Asia during a wide range of markets and cycles and bring significant insights into portfolio construction and management.

Important note: AMP Capital Investors Limited (AMP Capital), (ABN 59 001 777 591) (AFSL 232497) is the responsible entity of the AMP Capital Asian Equity Growth Fund (Fund) and issuer of the Product Disclosure Statement (PDS) for the Fund. To invest in the Fund, investors will need to obtain the current PDS from AMP Capital before making a decision to acquire, continue to hold or dispose of units in the Fund. The PDS contains important information about investing in the Fund and it is important that investors read the PDS. 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 Investors makes no representation or warranty as to the accuracy or completeness of any statement in it. This document 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 document, and seek professional advice, having regard to the investor's objectives, financial situation and needs.

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Investing.
It's what we do.



Contact us

To find out more about the AMP Capital Asian Equity Growth Fund, contact your financial adviser or call our Client Services team on **1800 188 013**.

Financial advisers

Please contact your AMP Capital Business Development Manager or call our Adviser Services team on **1300 139 267**.

Or visit our website www.ampcapital.com.au