

FUTURE DIRECTIONS AUSTRALIAN BOND FUND

21 NOVEMBER 2016

New Product Disclosure Statement changes

We are writing to advise you of changes relating to the new Product Disclosure Statement (PDS) for the Future Directions Australian Bond Fund (the Fund) which will be available on our website (www.ampcapital.com.au – then go to the Fund's page) on 21 November 2016. These changes include:

- > Enhanced fee disclosure
- > Change of performance benchmark.

Before making any investment decisions, we recommend you read the information in the PDS about the benefits and risks of investing and the other features of the Fund.

Enhanced fee disclosure

In accordance with amendments to the Corporations Regulations and new regulatory guidance from the Australian Securities & Investments Commission, we have implemented new enhanced fee disclosure requirements for the Fund. As a result, how we represent fees and costs in the PDS has been updated.

Previously, the PDS stated the management cost of the Fund as comprising the management fee, performance fee and recoverable expenses. Now, the stated management cost of the Fund in the PDS also includes indirect costs. These are not new costs being imposed on the Fund, these costs were incurred before, the indirect costs are simply now being quantified in the PDS. Examples of indirect costs include costs associated with the use of derivatives and exchange-traded funds.

It is important to note that this change in how we disclose the Fund's fees does not mean investors pay any additional management fees and does not reduce the net-of-fees return. Our management fees have not changed. The enhanced disclosure aims to provide a new level of transparency into the total costs of investing – both AMP Capital and non-AMP Capital costs.

Change of performance benchmark

The Fund's PDS has been updated to reflect changes that were made to the performance benchmark of the Fund as of 1 August 2014. These changes were communicated to investors at the time and the PDS has now also been updated to reflect these changes. Prior to 1 August 2014 the Fund only had exposure to nominal bonds. This was changed to also include inflation-linked bonds. Reflecting the Fund's allocation to inflation-linked bonds, the benchmark for the Fund changed, as outlined below.

- > Previous: UBS Government Bond Index (all maturities) (since renamed Bloomberg AusBond Govt 0+Yr Index)
- > Current: 85% Bloomberg AusBond Govt 0+Yr Index, 15% Bloomberg AusBond Infl 0+Yr Index

We believe the changes enhance the ability of the Fund to meet its investment objective and that investors will benefit over the long term.

Further information

If you have any further questions about this update, please contact your Account Manager or our Client Services Team on 1800 658 404, between 8.30am and 5.30pm (Sydney time) Monday to Friday or via email at clientservices@ampcapital.com.

Yours sincerely,

Important note: Investors should consider the Product Disclosure Statement (PDS) available from AMP Capital Investors Limited (ABN 59 001 777 591) (AFSL 232497) (AMP Capital) for the Future Directions Australian Bond Fund (Fund) before making any decision regarding the Fund. AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426 455) is the responsible entity of the Fund and the issuer of units in the Fund. The PDS contains important information about investing in the Fund and it is 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 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 makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This letter has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this fact sheet, and seek professional advice, having regard to their objectives, financial situation and needs.



Nigel McCammon
Global Head of Client Services
AMP Capital Investors Limited

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