

Income Generator Fund

New Product Disclosure Statement changes

We are writing to advise you of some changes relating to the Income Generator Fund (the Fund) that will be reflected in the new Product Disclosure Statement (PDS) which will be available on 13 February 2017. (AMP Capital is the manager of the Fund as appointed by ipac.) These changes include:

- > Introduction of securities lending
- > Review of risk band

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 Funds.

Introduction of securities lending

The underlying funds in which the Fund invests will be able to engage in securities lending in order to generate additional returns for investors.

AMP Capital has recently piloted the implementation of a securities lending program across a number of AMP Capital funds. Securities lending is an investment practice whereby securities of a fund are lent to a third party (the borrower) for a period of time in return for a fee. Securities lending allows funds to use their assets held in custody to earn additional income, in the form of fees paid by the borrower. These fees increase the portfolio return and thereby, the return to investors.

Securities lending does expose the Fund to some additional risks, which could cause a loss of capital, in particular the risk that the borrower defaults by failing to return the securities. However, comprehensive processes are in place to manage and substantially mitigate these risks, including careful selection of approved borrowers, borrowing limits, collateral requirements which are monitored and managed daily and restrictions on which securities are to be loaned.

Income earned from securities lending is returned to the Fund and accrued in the unit price after the deduction of operational costs and fees payable to the securities lending agent (for operation of the program) and to AMP Capital (for monitoring, governance and oversight). These fees are 30% and 10% of securities lending revenue, respectively, which are in line with normal commercial rates.

Risk band

In reviewing the Fund's PDS we have also reviewed the Fund's risk band. The Fund previously had a risk level of five – an equivalent of medium to high on a scale between one and seven, with one being very low risk and seven being very high risk. This has been revised down to a risk level of four, equivalent to a medium risk level.

The Fund had always sat on the boundaries of two particular bands and we made the decision to adjust this to better reflect the difference in risk relative to other multi-asset products. There has been no accompanying change in the Fund's investment strategy or allocation.

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,



Nigel McCammon
Global Head of Client Services
AMP Capital Investors Limited