

AMP CAPITAL WHOLESALE AUSTRALIAN BOND FUND

The AMP Capital Wholesale Australian Bond Fund (the Fund) provides income generation and defence for investors with exposure to growth assets. Developed for wholesale investors seeking access to a blend of quality fixed income assets, the Fund is focused primarily on Commonwealth and semi-government bonds but also allocates to investment grade credit sectors, cash and cash-like securities and issuers across a range of industries.

Why Bonds?

A well diversified bond fund is critical in a balanced folio

Bonds are considered a defensive asset class. A well-blended portfolio of bonds across sectors, issuers and securities acts as a good diversifier within a balanced portfolio. Unlike investments such as term deposits, a diversified bond portfolio gives investors the opportunity for capital gains in an economic downturn through duration management, and higher yields in more positive economic conditions.

Active management in fixed income can add value and manage risk

To get the most out of your clients' fixed income investment, we believe active management is essential. Our view is that significant performance can be generated by actively allocating between various fixed income sectors and managing through investment cycles, across sovereign, investment grade and high yield markets. We constantly search for ways to identify value and manage risk through an active approach that combines interest rate and credit-specific research utilising both quantitative and qualitative techniques.

Why Australian Bonds?

A favourable outlook for Australian government bonds

- > Australian government bonds are considered to be one of the world's most attractive and secure bond assets
- > The Australian economy is relatively stable, with a low level of public debt and a large private savings pool via compulsory superannuation
- > Australian bonds have continued to provide investors with higher yields than most mainstream international bonds

Why invest in the AMP Capital Wholesale Australian Bond Fund?

The Fund invests mainly in Australian government and semi-government bonds and investment grade credit securities plus a range of cash and cash-like securities such as bank bills.

A well diversified, actively managed bond fund

- > AMP Capital Global Fixed Income team takes the hard work out of diversifying your clients' fixed income exposure
- > AMP Capital is a large industry player and a sought-after partner with over 40 years experience managing fixed income investments

GLOBAL CHIEF INVESTMENT OFFICER, FIXED INCOME



Simon Warner

Simon Warner was appointed as Global Chief Investment Officer, Fixed Income in March 2017. Before that he was Head of Global Fixed Income, a position he held since February 2014. Mr Warner has been responsible for the management of AMP Capital's active fixed income strategies including macro markets, credit markets, commercial lending and protected growth, with more than \$55 billion in assets under management. He leads a global team of more than 30 investment professionals in Sydney, Chicago, Hong Kong and Wellington.

- > We provide access to a well-diversified range of fixed income securities across a variety of sectors and industries via a single fund
- > The Fund capitalises on high quality Australian government and corporate debt plus a range of cash and cash-like securities such as bank bills

AMP Capital's Wholesale Australian Bond Fund provides:

- > Diversification at different levels over a range of sectors, industries and issuers
- > A combination of government, semi-government, investment grade credit, Australian and global exposure and cash
- > Active management taking advantage of opportunities to both add value and protect capital

How can you use the fund in your portfolio?

- > Plays a defensive role in your client's portfolio
- > Helps protect the downside when growth assets are not delivering
- > Can achieve greater flexibility when actively managed, compared to term deposits and cash
- > Provides diversification within a defensive/income based asset class
- > Provides a monthly income stream by allocating to the various sub-sectors (e.g. Government and Corporate bonds)

What you need to be aware of:

Risks specific to the Fund may include or be associated with:

Interest rates: including the risk of capital loss in a rising interest rate environment.

Credit: including the risk that a credit issuer or counterparty defaults on interest payments, the repayment of capital or both.

Derivatives: the use of derivatives may magnify any losses incurred.

Companies: factors such as management changes may affect a company's performance.

Counterparty or default risk: substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations or experiences financial difficulties.

Gearing: has the effect of magnifying the Fund's returns, both positive and negative.

International investments: including losses related to currency exchange rates, hedging, and changes in the state of the Australian and world economies.

Investment management: there is a risk that the investment manager will not perform to expectation or factors such as changes to the investment team or a change of investment manager may affect the Fund's performance.

Liquidity: assets subject to liquidity risk may be difficult to trade and it may take longer for their full value to be realised, and in circumstances where the Fund's portfolio ceases to be 'liquid' for Corporations Act purposes, there may be significant delays or a freeze on withdrawal requests.

Listed hybrid securities: as these are a combination of debt and equity, they carry the risks associated with interest rates, derivatives and share market investments.

Sector: returns may be adversely affected where the Fund's investments have a high exposure to a particular sector or sectors.

Share market investments: the value of the Fund's investment in listed securities may decrease as a result of adverse share market movements.

Sovereign default: including the risk that a government may default on interest payments, the repayment of capital or both, with regards to its country's debt.

Key Facts

The Fund aims to provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 12 month basis.

WHOLESALE	
APIR CODE	AMP0981AU
MINIMUM INVESTMENT	A\$10,000,000
MANAGEMENT COSTS	0.37% pa of the Fund's net assets
RISK LEVEL	3. Low to medium
DISTRIBUTION FREQUENCY	Monthly
SUGGESTED MINIMUM INVESTMENT TIMEFRAME	2 years
BENCHMARK	Bloomberg AusBond Composite 0+ Yr Index

SPEAK TO AN EXPERT



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INSIGHTS
IDEAS
RESULTS

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