

ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES FOR THE AMP CAPITAL DYNAMIC MARKETS FUND

5 JUNE 2017

IMPORTANT INFORMATION

AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) is the Responsible Entity of the AMP Capital Dynamic Markets Fund (ARSN 165 993 475) ('Dynamic Markets Fund' or 'the Fund') and issuer of this document.

AMP Capital Investors Limited (AMP Capital) (ABN 59 001 777 591, AFSL 232497) is the Investment Manager of the Fund and has been appointed by the Responsible Entity to provide investment management and other associated services in respect of the Fund.

In this document, AMP Capital is referred to as 'we' or 'us'.

Unless otherwise specified all dollar amounts in this document are Australian dollars.

This document should be read in conjunction with and is taken to be included in the current Product Disclosure Statement (PDS) for the Fund.

The PDS contains important information about investing in the Fund and it is important that investors read the PDS before making a decision about whether to acquire or continue to hold or dispose of units in the Fund. This document has been prepared for the purpose of providing general information, without taking into account any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs.

The Australian Securities and Investments Commission (ASIC) has released ASIC Regulatory Guide 240 *Hedge Funds: Improving Disclosure* (RG 240), which includes benchmarks and disclosure principles to help investors better understand the characteristics of hedge funds and the risks associated with them.

Benchmarks and disclosure principles for the Fund as set out in this document, are taken to be included in the current PDS for the Fund and should be read in conjunction with the PDS.

This document will be reviewed annually and updated where material changes are identified.

A copy of the 'ASIC Benchmark and Disclosure Principles for the AMP Capital Dynamic Markets Fund' and a current PDS for the Fund are available online at www.ampcapital.com.au (go to the Fund page) and can also be obtained free of charge, on request.

BENCHMARKS

1. VALUATION OF ASSETS

BENCHMARK: The responsible entity has and implements a policy that requires valuations of the hedge fund's assets that are not exchange traded to be provided by an independent administrator or an independent valuation services provider.

Non-exchange traded assets

This Benchmark is met as the Responsible Entity values the Fund's assets that are not exchange traded by using an independent administrator. Investments in underlying index funds (other than those which are exchange traded) are valued at the most recent unit price supplied by the manager of the relevant fund. An unlisted fund may calculate unit prices at a different time to the Fund and may value underlying assets on a different basis to the Fund. These valuations are used by the Fund's independent administrator, BNP Paribas Fund Services Australasia Pty Limited (BNP Paribas), to value the Fund's investments in underlying funds on a daily basis.

The Fund's other non-exchange traded assets, currently currency forward contracts, are valued daily by BNP Paribas.

Exchange traded assets

The Fund primarily invests in Australian and global securities which are exchange traded and prices are available on exchanges. The Fund's exchange traded assets are valued at market price. At present the Fund does not invest in direct assets.

2. PERIODIC REPORTING

BENCHMARK: The responsible entity has and implements a policy to provide periodic reports on certain key information as set out in the table below.

PERIODIC REPORTING OF KEY INFORMATION

Monthly updates	<p>The following information is available on the hedge fund's website and is disclosed monthly or, if less often, at least as often as investors have the right to redeem their investments and in reasonable time to allow investors to consider that information in making a decision whether to redeem their investment:</p> <ul style="list-style-type: none">• the current total net asset value of the fund and the redemption value of a unit in each class of units as at the date the net asset value was calculated• the key service providers if they have changed since the last report given to investors, including any change in their related party status, and• for each of the following matters since the last report on those matters:<ul style="list-style-type: none">◦ the net return of the fund's assets after fees, costs and taxes◦ any material change in the fund's risk profile◦ any material change in the fund's strategy, and◦ any change in the individuals playing a key role in investment decisions for the fund.
Annual (or more frequent) reporting	<p>The responsible entity has and implements a policy to report on the following information as soon as practicable after the relevant period end:</p> <ul style="list-style-type: none">• the actual allocation to each asset type• the liquidity profile of the portfolio assets as at the end of the period – the representation of asset liquidity (the estimated time required to sell an asset at the value ascribed to that asset in the fund's most recently calculated net asset value) in a graphical or other form that allows easy comparison with the maturity profile of the liabilities• the maturity profile of the liabilities as at the end of the period – the representation of maturities in a graphical form that allows easy comparison with the liquidity profile of the portfolio assets• the leverage ratio (including leverage embedded in the assets of the fund, other than listed equities and bonds) as at the end of the period• the derivatives counterparties engaged (including capital protection providers)• the monthly or annual investment returns over at least a five-year period (or, if the hedge fund has not been operating for five years, the returns since its inception), and• the key service providers if they have changed since the latest report given to investors, including any change in their related party status. <p>This information must be given to members as often as, and no later than or as soon as practicable after, any periodic statement required by s1017D (but in any event no later than six months after the end of the relevant period).</p>
Ongoing availability	<p>The latest report, which addresses the above matters, is available on the hedge fund's website.</p>

The Fund does not meet the requirements of this Benchmark in full. The Fund provides you with key information in relation to the Fund on our website (www.ampcapital.com.au) or free of charge on request. The Fund meets the Benchmark with the exception of the following:

- In relation to Annual Reporting, the Fund does not report on the following information:
 - liquidity profile – this report is not relevant as all assets are highly liquid (are either exchange traded or have daily redemption terms) or can otherwise be liquidated on a daily basis,
 - maturity profile – this report is not relevant for the reasons noted above under liquidity profile, and
 - the leverage ratio – this report is not relevant as the Fund does not use leverage (i.e. financial products or debt to amplify the exposure to an investment), as part of its investment strategy.

The actual asset allocation and investment return information is not provided on an annual basis due to the fact that we report this information more frequently, on a monthly basis.

Monthly reporting

The Fund issues the following information on a monthly (or in some instances more frequent) basis and is available on request from the AMP Capital Client Services team and on the AMP Capital website, www.ampcapital.com.au:

- actual allocation to each asset type as at each month end per the asset allocation guidelines in the PDS
- current total net asset value of the Fund as at month end (the method of how we value assets is explained in the relevant asset valuation policy, a summary of which is available from us on request)
- daily application and redemption unit prices, and
- net investment return for the Fund as at month end, after management costs, for periods of one month, three months, six months, one year, and since inception (the Fund was established in June 2011). We report investment performance on a before tax basis.

Annual reporting

The Fund issues the following report on an annual basis:

- fund financial statements. This is available on request from the AMP Capital Client Services team and on the AMP Capital website, www.ampcapital.com.au

Ongoing availability

The Fund issues the following information on an ad-hoc basis:

- details of key service providers if they have changed since the latest report given to investors, including any change in related party status. Investors will be notified by the Investment Manager of these changes.
- the derivative counterparties engaged. This is available on the AMP Capital website, www.ampcapital.com.au (go to the Fund page).
- to the extent applicable:
 - any material change in the Fund's risk profile or investment strategy
 - any material change in the Fund's custodian, administrator or investment manager, and
 - any change in the individuals playing a key role in investment decisions (as noted under Disclosure Principle 2).

1. INVESTMENT STRATEGY

DISCLOSURE PRINCIPLE 1: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

1. a description of the fund's investment strategy, including:
 - the typical asset classes to be invested in
 - the typical location and currency denomination of the assets, and
 - the role of leverage, derivatives and short selling
2. an explanation of how the strategy will produce investment returns
3. any key dependencies or assumptions underpinning the strategy's ability to produce investment returns
4. what the diversification guidelines or limits are
5. any specific risks associated with the relevant investment strategy
6. disclosure of the key aspects of the Fund's risk management strategy, and
7. if and how the investment strategy can change and what notification would be provided to investors.

The Fund meets this Disclosure Principle.

Investment strategy

The Fund will be managed using a dynamic asset allocation style. In the absence of rigid/growth defensive constraints, the Fund will invest in a mix of growth and defensive asset classes to exploit periodic mispricing between asset classes through the business cycle. The Fund seeks exposure to a range of traditional asset classes such as shares, commodities, listed property, fixed income, credit and cash. Exposure to a broad range of Australian and international asset classes primarily located in Australia, North America, Europe, Asia and emerging markets is achieved through passive investments such as index funds, exchange traded funds (ETFs) and derivatives, rather than holding assets directly. The currency denomination of the assets are predominantly in Australian or United States dollars.

Gearing is not permitted. The Fund may have an overdraft limit up to 10% of Fund NAV to meet its short term liquidity needs.

The Fund may use derivatives with the aim of:

- achieving the investment objectives of the Fund
- enhancing returns by taking advantage of favourable mispricings within a market, as a cost-effective alternative to purchasing physical assets, and
- protecting against risks such as unfavourable changes in an investment's price brought about by, for example, changes in interest rates, credit risk, equity prices, currencies or other factors.

We impose restrictions on the use of derivatives within the Fund and monitor the implementation of these restrictions in accordance with the AMP Capital Derivatives Risk Statement, which can be obtained by contacting us.

The Fund does not engage in short selling.

Explanation of how the strategy will produce investment returns

Dynamic asset allocation, where we have the flexibility to change the asset class mix at any time within broad ranges, allows us to rebalance the Fund's asset allocation mix across a range of asset classes in order to take advantage of opportunities arising from market mispricing.

The aim of dynamic asset allocation is to enhance the Fund's ability to negotiate the ups and downs of the investment cycle, refining the portfolio as needed to support the Fund in achieving its objective of maintaining a contemporary portfolio relevant to market conditions.

Any key dependencies or assumptions underpinning the strategy's ability to produce investment returns (eg market conditions or interest rates)

We consider the key assumptions underpinning the strategy's ability to produce investment returns include:

- global capital markets are functioning and inefficient
- returns provided by the major capital markets in which the Fund invests are near their long term averages and cycle around their long term historic averages, and
- the asset allocation process underpinning the Fund's investments is robust and is on balance more often correct than incorrect.

Diversification guidelines or limits

The diversification guidelines or limits at both the growth/defensive and asset class levels are bound by the ranges provided in the table below.

The neutral asset allocation represents only a guide as to where the Fund may be positioned in the absence of any dynamic asset allocation views. Actual asset allocation will vary from the neutral asset allocation. Our active views on the allocation of a particular asset class will result in moves away from the neutral asset allocation, within the specified range.

ASSET CLASS	RANGE	NEUTRAL ASSET ALLOCATION
Growth assets	0 - 90	60
Australian shares	0 - 50	20
International shares (developed and emerging markets)	0 - 50	25
Global REITs	0 - 25	5
Commodities	0 - 25	5
Global high yield credit	0 - 25	5
Defensive assets	10 - 100	40
Australian sovereign bonds	0 - 25	10
Global sovereign bonds	0 - 25	10
Global investment grade credit	0 - 25	10
Global inflation linked bonds	0 - 25	5
Cash	0 - 50	5
Total assets	100	100
Currency hedge ratio	0 - 100	100

Any specific risks associated with the relevant investment strategy

Please refer to the 'Risks of investing' section of the PDS.

Disclosure of the key aspects of the Fund's risk management strategy

Risk is managed in the Fund through:

- diversification across a wide array of growth and defensive asset classes, and
- a robust asset allocation process that includes analysis across five primary drivers of investment returns and an optimisation process to ensure the final asset allocation for the Fund is situated in the optimal region in terms of risk/return and Sharpe ratio/shortfall probability.

Stress testing and scenario analysis is also conducted by an independent Investment Risk team at AMP Capital to raise awareness of significant risks in the Fund.

If and how the investment strategy can change and what notification would be provided to investors

If the Responsible Entity intends to make material changes to the Fund's investment strategy or investment objective we will advise investors in writing.

2. INVESTMENT MANAGER

DISCLOSURE PRINCIPLE 2: THE RESPONSIBLE ENTITY SHOULD DISCLOSE A DESCRIPTION OF THE FOLLOWING:

1. the identity of, and information on any relevant significant adverse regulatory findings against, any investment manager appointed by the responsible entity of the hedge fund
2. the identities, relevant qualifications and commercial experience (including information on any relevant significant adverse regulatory findings against) of any individuals playing a key role in investment decisions and the proportion of their time each will devote to executing the fund's investment strategy
3. if any of the assets are not managed by the responsible entity, any unusual and materially onerous (from an investor's perspective) terms in the agreement or other arrangement under which any investment manager is appointed and the scope of this appointment, and
4. the circumstances in which the responsible entity is entitled to terminate the investment manager's appointment and on what terms (including any payments).

The Fund meets this Disclosure Principle.

There have been no relevant significant adverse regulatory findings against any individual playing a key role in investment decisions and who devotes time to executing the Fund's investment strategy.

The Fund's investment team is made up of professionals with extensive experience in asset allocation, economic and market analysis, portfolio construction and risk management. Information as at the date of this additional disclosure is included in the table below. In addition to this, the team also benefits from access to AMP Capital's broader investment management resources and capabilities.

The Fund is managed by AMP Capital Investors Limited pursuant to an investment management agreement which the Responsible Entity may terminate at any time with notice.

INVESTMENT	KEY INDIVIDUAL	EXPERIENCE (YEARS)	QUALIFICATIONS
AMP Capital Dynamic Markets Fund	Shane Oliver	34	PhD, BA (Eco) (Hons), ASIA
AMP Capital Dynamic Markets Fund	Nader Naeimi	22	BCom, MCom

SHANE OLIVER

Shane Oliver is the Head of Investment Strategy and Chief Economist at AMP Capital. As co-head of the Investment Strategy and Dynamic Markets team, Shane is responsible for providing economic and market analysis of key variables and issues affecting, or likely to affect, all investment markets. Shane has extensive experience analysing the relative return outlook between key asset classes including fixed income, property and equities, and their relationship to the investment cycle. Shane chairs the weekly asset allocation meeting and provides oversight of all asset allocation decisions for the Fund.

NADER NAEIMI

Nader Naeimi is the Head of Dynamic Markets and Portfolio Manager for the Fund. As co-head of the Investment Strategy and Dynamic Markets team, Nader's responsibilities include leading the Dynamic Markets strategy for AMP Capital's Multi-Asset Group as well as other macro strategies and asset allocations for several AMP Capital funds. The Multi-Asset Group specialises in the construction and management of multi-asset (or diversified) portfolio solutions. In his capacity as Head of Dynamic Markets, Nader is responsible for analysing key economic and market factors influencing global markets from which asset allocation decisions are made for the Fund. He is also responsible for implementation and rebalancing decisions relating to the Fund.

These individuals devote all of their business time to AMP Capital's business, which includes managing and executing the investment strategy of the Fund.

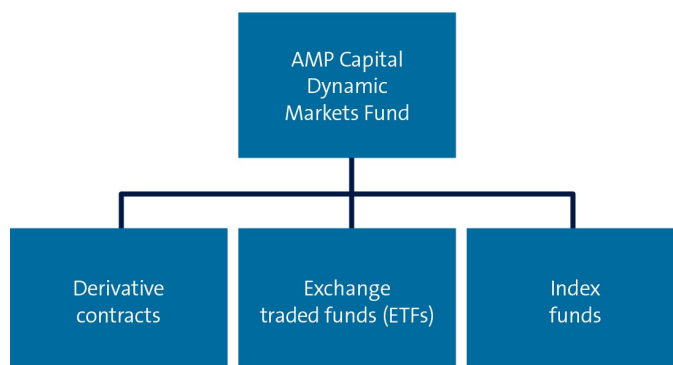
3. FUND STRUCTURE

DISCLOSURE PRINCIPLE 3: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

1. the fund's investment structure - that is, the key entities involved (eg companies, schemes, and limited partnerships), their relationship to each other and their roles, together with a diagram showing the flow of investment money through the structure
2. the identities of the key service providers (eg investment managers, prime brokers, custodian, administrator, valuation service provider and auditor) and scope of their services where applicable
3. how the responsible entity ensures that its key service providers will comply with their service agreement obligations
4. any related party relationships within the structure including any related party relationships between the responsible entity and the investment managers or between the responsible entity and the investment managers and any underlying funds, counterparties or any key service providers (including executing brokers) to the fund
5. the existence and nature of material arrangements in connection with the hedge fund that are not on arm's length terms (see Regulatory Guide 76 *Related party transactions* (RG 76))
6. for funds of hedge funds, the due diligence process performed on underlying funds and their key service providers
7. a reasonable estimate of the aggregate amount of any fees and costs that would be disclosed by all underlying funds (that are not listed entities or corporations that are not investment companies) as if each of these entities were a registered scheme disclosing in accordance with Sch 10 of the Corporation Regulations 2001, but so as to exclude double counting to the extent that those management costs include management costs of the hedge fund
8. the jurisdiction of the entities involved in the fund's structure, and
9. the risks of the structure, including any risks associated with the holding assets overseas or, for funds of hedge funds with investing in underlying funds overseas.

The Fund meets this Disclosure Principle.

The Fund may invest in derivatives, exchange traded funds or index funds*, as illustrated in the diagram below.



* An index fund is an unlisted fund that seeks to replicate the exposure and returns of an index.

There are a number of parties who have been engaged by the Responsible Entity to provide services in relation to operating the Fund. A summary of the Fund's key service providers is shown below.

Key service providers

Fund administrator, custodian and unit registrar - BNP Paribas

BNP Paribas Fund Services Australasia Pty Limited (BNP Paribas) has been appointed to provide certain administration, registry services (for Wholesale and Class A), accounting, and custodial services to the Fund. AMP Capital has a dedicated team responsible for the ongoing management of outsourced service provider relationships such as BNP Paribas in place. This activity is carried out by the Relationship & Service Delivery team in liaison with AMP Capital internal business units and senior management.

The risk management process includes a review of approximately 160 key performance indicators (KPIs) reported monthly by BNP Paribas. Failures of each of these KPIs carry a financial penalty, captured as part of the service credit model mechanism between AMP Capital and BNP Paribas. In addition, AMP Capital is able to enforce a formal operational review of BNP operational processes on the basis of recurring KPI failures.

A wider governance framework also regulates the relationship between AMP Capital and BNP Paribas, via which AMP Capital is able to monitor its custodian and fund administrator. This framework provides for an issues log (around which the two parties meet on a fortnightly basis), a monthly relationship meeting, a monthly risk forum, an executive council (which involves senior representatives from AMP Capital and AMP Limited), and an incident reporting system, which provides AMP Capital with the ability to raise any issues that it deems will necessitate remedial action.

BNP Paribas also provides AMP Capital with a report on internal controls in operation and tests of operating effectiveness and design, prepared in accordance with international service organisation reporting standards (ISAE3042). This report describes the controls surrounding certain custody, fund administration, and registry functions of BNP Paribas' business. It is prepared in accordance with the guidelines contained in the SAS70 standards, entitled Reports on the Processing of Transactions by Service Organisations, issued by the American Institute of Certified Public Accountants. The focus of the report is on the internal controls of BNP Paribas and has been designed to provide information to be used by AMP Life, AMP Capital and their independent auditors. This is an internationally recognised official framework.

Unit registrar (Off-platform Class H) - Australian Securities Administration Limited (ASAL)

ASAL (a member of the AMP Group) has been appointed to provide registry services to the Fund (for Class H). AMP Capital has a dedicated team responsible for the ongoing management of outsourced service provider relationships such as ASAL in place. This activity is carried out by the Relationship & Service Delivery team in liaison with AMP Capital internal business units and senior management.

Firm Auditors - Ernst & Young

Ernst & Young has been appointed as auditor to the Fund. AMP Capital uses Ernst & Young as external auditors and they are appointed at the AMP Group level. Ernst & Young has acted in this capacity for several years and their appointment is re-assessed on a periodic basis by the AMP Group Chief Financial Officer and the AMP Limited Audit Committee.

Investment Manager - AMP Capital Investors Limited

The Fund's investment manager is AMP Capital Investors Limited. The investment management agreement between AMP Capital and the Responsible Entity governs AMP Capital's provision of investment management services.

Monitoring of service providers

AMP Capital has procedures in place to monitor the performance of those service providers to whom functions have been outsourced. Monitoring methods include, where appropriate, daily observation of service provider performance, review of regular compliance and audit reports, regular meetings with service providers and performance assessments.

Related party transactions

Any transaction between AMP Capital or the Responsible Entity and any of their respective related parties must comply with related party protocols and AMP Capital policies and procedures. For these purposes, a related party includes certain entities and individuals that have a close relationship with AMP Capital or the Responsible Entity. Related parties of the Responsible Entity include the Responsible Entity itself, entities that the Responsible Entity controls, funds operated or managed by the Responsible Entity and agents of the Responsible Entity.

As at the date of this additional disclosure, the relevant policies and procedures that apply to related party transactions of AMP Capital or the Responsible Entity are contained in the AMP Conflicts of Interest Policy and AMP Conflicts of Interest Procedures. Under these policies and procedures, the parties must transact on terms that would be reasonable if they were dealing at arm's length, relevant legislative requirements must be satisfied and the interests of investors must be protected. The policies and procedures will be reviewed on a regular basis and may change from time to time.

Under the Fund's constitution, the Responsible Entity may:

- deal with itself, an associate, investor or any other person
- be interested in, and receive a benefit under, any contract or transaction with itself, an associate, investor or any other person, or
- act in the same or similar capacity in relation to any other fund.

Fees and costs

The underlying investments include ETFs (which are listed entities) and index funds. In relation to the index funds, the management costs for the underlying funds are included in the total management cost for the fund, and are not an additional cost to the investor.

Jurisdiction of the entities involved in the Fund structure

The Fund's investments are primarily in exchange-traded securities traded on exchanges in Australia and international markets, mainly in the USA and UK. Where the Fund invests in non-exchange traded funds, these funds will be primarily Australian domiciled. All key service providers to the Fund are domiciled in Australia.

Risks of the Fund's structure

Currency exchange rates - where the Fund's investments are located overseas, the relative strength or weakness of the Australian dollar against other currencies may influence the value of, or income from, an investment.

Hedging – the Fund's international investments may be fully or partially hedged back to Australian dollars. Where partially hedged, the Fund could incur reduced returns through any adverse movements related to hedging or currency exchange rates. Risks such as illiquidity or default by the other party to the transaction may also apply.

Less protection under laws outside of Australia – the laws under which assets located outside of Australia operate may not provide equivalent protection to that of Australian laws, which may mean that the Fund is unable to recover the full or part value of an offshore investment.

Emerging markets – securities markets in emerging markets are smaller and have been more volatile than the major securities markets in more developed countries. This is often a reflection of a less developed country's greater political instability or uncertainty, exchange rate uncertainty, lower market transparency or uncertain economic growth. Clearance and settlement procedures in an emerging country's securities market may be less developed which could lead to delays in settling trades and registering transfers of securities.

Changes in the state of the Australian and world economies may affect the value of your investment in the Fund.

4. VALUATION, LOCATION AND CUSTODY OF ASSETS

DISCLOSURE PRINCIPLE 4: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

1. the key aspects of the valuation policy
2. the types of assets that the fund does or may invest in and the allocation range for each asset type, using the following assets types (including the assets of underlying funds):
 - Australian listed equities
 - Australian unlisted equities
 - international listed equities
 - international unlisted equities
 - Australian government bonds
 - Australian corporate bonds
 - international government bonds
 - international corporate bonds
 - structured products
 - real property
 - infrastructure
 - exchange traded derivatives
 - over-the-counter (OTC) derivatives
 - cash equivalent investments, and
 - other (provide details)
3. any policy about the geographic location of the asset
4. the geographic location of any material asset, and
5. the custodial arrangements, including details of the roles provided by custodians. Where assets are not held by a third party custodian, the responsible entity should disclose the types and proportion of those assets relative to the fund's net asset value.

The Fund meets this Disclosure Principle.

Key aspects of the valuation policy

Valuations for the assets that the Fund holds are covered under the AMP Capital Asset Valuation Policy.

This policy seeks to ensure that

- valuations are calculated and applied consistently and equitably
- valuations include all assets of a fund at the point of valuation
- valuations are unbiased and are not subject to undue influence
- valuation processes are documented and transparent to ensure they are independently verifiable
- assets are valued as a 'going concern' basis, unless this assumption is inappropriate for a particular fund, for example where the fund is in the process of being wound up
- the methodologies used are appropriate for the nature of the assets
- the formulae or methods used are reviewed at appropriate periods, and
- the Responsible Entity satisfies its regulatory obligations.

The Fund primarily invests in Australian and global securities which are exchange traded and prices are available on exchanges. The Fund does not invest in direct assets. Investments in underlying index funds and currency forward contracts are valued on a daily basis by an independent administrator – BNP Paribas. The valuation methods applied by AMP Capital to value the Fund's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them and be reasonably current.

Types of assets the Fund invests in

ASSET CLASS	RANGE	NEUTRAL ASSET ALLOCATION
Growth assets	0 - 90	60
Australian shares	0 - 50	20
International shares (developed and emerging markets)	0 - 50	25
Global REITs	0 - 25	5
Commodities	0 - 25	5
Global high yield credit	0 - 25	5
Defensive assets	10 - 100	40
Australian sovereign bonds	0 - 25	10
Global sovereign bonds	0 - 25	10
Global investment grade credit	0 - 25	10
Global inflation linked bonds	0 - 25	5
Cash	0 - 50	5
Total assets	100	100

The neutral asset allocation represents only a guide as to where the portfolio may be positioned in the absence of any asset allocation views. Actual asset allocation will vary from the neutral asset allocation. Our active views on the allocation of a particular asset class will result in moves away from the neutral asset allocation, within the specific range.

The Fund does not have a geographic location policy. The Fund's investments are global and are primarily located in Australia, North America, Europe and Asia.

Custodial arrangements

The Fund's assets, whether securities or cash (other than cash posted as collateral for futures positions), will be held by an external custodian, BNP Paribas. See Disclosure Principle 3 for further information on BNP Paribas.

5. LIQUIDITY

DISCLOSURE PRINCIPLE 5: IF THE RESPONSIBLE ENTITY OF A HEDGE FUND CANNOT REASONABLY EXPECT TO REALISE AT LEAST 80% OF ITS ASSETS, AT THE VALUE ASCRIBED TO THOSE ASSETS IN CALCULATING THE FUND'S NET ASSET VALUE, WITHIN 10 DAYS, THE RESPONSIBLE ENTITY SHOULD DISCLOSE:

1. a description of any asset class that has a value greater than 10% of the fund's net asset value and cannot be reasonably expected to be realised at the value ascribed to that asset in calculating the fund's most recent net asset value within 10 days, and
2. the key aspects of the liquidity management policy.

This Disclosure Principle is not applicable to the Fund as leverage (i.e. the use of financial products or debt to amplify the exposure to an investment) is not permitted as part of the Fund's investment strategy. The Responsible Entity can reasonably expect to realise at least 80% of its assets, at the value ascribed to those assets in calculating the Fund's net asset value, within 10 days.

6. LEVERAGE

DISCLOSURE PRINCIPLE 6: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

1. the circumstances in which the hedge fund may use leverage and any restrictions on its use of leverage
2. the sources of leverage, including the type, the amount and the providers of the leverage
3. whether any assets are used as collateral, and the extent to which they are otherwise encumbered or exposed to set-off rights or other legitimate claims by third parties in the event of the insolvency of the responsible entity, a service or credit provider, or a counterparty
4. the maximum anticipated and allowed level of leverage (including leverage embedded in the assets of the fund, other than the leverage embedded in holdings of listed equities and bonds) as a multiple of the net asset value of an investor's capital in the fund (eg for every \$1 of the fund's net asset value, the fund is leveraged \$x), and
5. a worked example showing the impact of leverage on investment returns and losses, assuming the maximum anticipated level of leverage (including leverage embedded in the assets of the fund, other than leverage embedded in holdings of listed equities and bonds).

This Disclosure Principle is not applicable to the Fund as leverage (i.e. the use of financial products or debt to amplify the exposure to an investment) is not permitted as part of the Fund's investment strategy.

The Fund is not permitted to borrow money to invest. The Fund may have an overdraft limit up to 10% of Fund NAV to meet its short term liquidity needs. The Fund uses derivatives but not to amplify the exposure of the Fund to an investment. In relation to the Fund's use of derivatives, please see Disclosure Principle 7.

7. DERIVATIVES

DISCLOSURE PRINCIPLE 7: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

1. the purpose and rationale for the use of derivatives (eg investment hedging, leverage and liquidity), including how they form part of the hedge fund's investment strategy
2. the types of derivatives used or planned to be used
3. the criteria for engaging derivative counterparties (including principal protection providers)
4. the key risks to the hedge fund associated with the collateral requirements of the derivative counterparties, and
5. whether the derivatives are OTC or exchange traded.

The Fund meets this Disclosure Principle.

Purpose and rationale

The Fund primarily uses derivatives to gain exposure to asset classes or to hedge foreign currency exposure.

Futures

The majority of the Fund's derivatives trading is in the futures market to gain exposure to asset class indices. Futures are used as an economic way to gain exposure to a market index and are also highly liquid as they are more easily traded than physically held assets. Forwards may also be used for currency hedging purposes to manage the foreign currency exposure separately to the underlying market exposures. Options may be used for risk management purposes.

Types

The type of derivatives which we expect to utilise for the Fund are equity index futures contracts, treasury bond futures contracts, commodity futures contracts, currency forward contracts and listed options.

Criteria for engaging derivatives counterparties

Derivatives counterparties are engaged for the investment team based on:

- background analysis of the counterparty or issuer
- counterparty credit rating – generally no trading is conducted with counterparties with an S&P/Moody's credit rating 'A-' or below, and
- an International Swaps Derivatives Association (ISDA) Master Agreement being in place prior to trading.

Key risks of derivative collateral requirements

The key risks associated with the collateral requirements of the derivatives counterparties are:

- counterparty credit risk (the risk that the failure of a counterparty will cause a loss due to the replacement cost of the contracts in the open market (usually OTC derivatives));
- settlement risk (the risk that the completion or settlement of individual transactions will not take place as expected);
- reputation risk (the risk of a loss of business due to negative perception derived from dealings with brokers who hold low standards of market ethics and behaviour);
- the risk that the Fund may not be able to meet payment obligations as they arise, including any requirements to make margin or collateral payments to the derivatives counterparty; and
- any assets of the Fund held by a futures clearing broker as margin or collateral may be combined with assets of other clients of the broker and held in a single account. Should any client's trading activity result in a default, then the combined assets in the account may be used by the broker to meet the default.

In order to mitigate these risks:

- there is a requirement to check if a derivatives trading agreement, ISDA agreement, or other appropriate derivatives documentation is in place. If there is no ISDA in place, the AMP Capital legal team must be engaged to ensure appropriate documentation is completed before any transactions can occur with the counterparty, and
- an ISDA can also include a credit support annex (CSA) which provides credit protection by setting forth the rules governing the mutual posting of collateral. CSAs are used in documenting collateral arrangements between two parties that trade privately negotiated OTC derivative securities.

All derivatives the Fund invests in to gain exposure to asset class indices are exchange traded. OTC derivatives in the form of currency forward contracts are used for currency hedging purposes.

8. SHORT SELLING

DISCLOSURE PRINCIPLE 8: IF A HEDGE FUND INTENDS OR IS LIKELY TO ENGAGE IN SHORT SELLING, THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

1. the purpose and rationale for short selling, including how short selling forms part of the hedge fund's investment strategy
2. the risks associated with short selling, and
3. how these risks will be managed.

This Disclosure Principle is not applicable to the Fund as short selling is not permitted under the Fund's investment strategy.

9. WITHDRAWALS

DISCLOSURE PRINCIPLE 9: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

1. any significant risk factors or limitations that may affect the ability of investors to withdraw from the hedge fund, including any gating restrictions that may be imposed or the requirement for requests for withdrawal only to be acted on under a statutory withdrawal offer if the hedge fund is not a liquid scheme as defined in the Corporations Act
2. how investors can exercise their withdrawal rights, including any conditions on exercise
3. if withdrawal is to be funded from an external liquid facility, the material terms of this facility, including any rights the external liquid facility provider has to suspend or cancel the facility, and
4. how investors will be notified of any material change to their withdrawal rights (eg if withdrawal rights are to be suspended).

Please refer to the 'Accessing your money' section of the PDS. In addition to the information in the PDS we would note that:

- withdrawals will be funded by using available cash and/or selling sufficient investments to meet the withdrawal;
- due to the nature of the underlying assets, the Fund does not have an external liquidity facility in place to fund redemptions; and
- AMP Capital will notify all investors if there is any change to the withdrawal rights associated with the Fund.

CONTACTING AMP CAPITAL

Further information can be obtained by contacting AMP Capital.

Client Services

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