

FUTURE DIRECTIONS CONSERVATIVE FUND - WHOLESALE

Provides exposure to a diverse portfolio of defensively-oriented asset classes, actively managed using dynamic asset allocation and a multi-manager strategy

Performance summary

- > The Fund returned 3.8% for the March quarter as share markets climbed higher.
- > The Fund maintains an underweight to Australian shares, preferring global developed and Asian shares.
- > We lessened the active exposure to foreign currency during the quarter, as the Australian dollar moves towards our medium term expectations

Investment approach

The Fund is designed to access a mix of asset classes and blend specialist investment managers from around the world, with the aim of maximising returns and managing levels of risk. We take a four-stage investment approach - setting objectives, targeted manager selection, portfolio construction and implementation, and ongoing portfolio and manager review.

For more information visit ampcapital.com.au

Performance – as at 31 March 2015

Inception Date: 16 Apr 2003

Performance benchmark: The average weighted return of the market indices used to measure the performance of the asset classes in which the fund invests.

Management costs: 0.6% plus possible performance fees

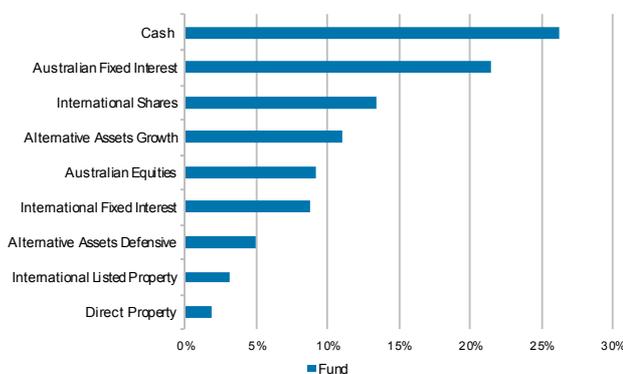
%	1 mth	3 mth	1 yr	3 yr	5 yr	incept
Before tax and fees	0.69	3.75	11.79	9.70	8.17	7.46
Benchmark	0.57	3.63	10.77	8.80	7.70	7.41
Distribution	0.00	0.00	3.01	2.76	4.65	5.90
Growth	0.64	3.60	8.11	6.28	2.87	0.92
Total return - after fees	0.64	3.60	11.12	9.04	7.52	6.81

Past performance is not a reliable indicator of future performance.

Performance is annualised for periods greater than one year.

Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after Class 'O' fees and costs, assume all distributions are reinvested.

Actual asset allocation



Morgan Stanley Investment Management

Style/focus – Value global credit

Morgan Stanley Investment Management (MSIM) is a wholly owned subsidiary of Morgan Stanley. With over three decades of asset management experience its investment strategies span the risk/return spectrum across geographies, investment styles and asset classes, including equity, fixed income, alternatives and private markets. MSIM was appointed to invest in global credit securities. The MSIM strategy employs a value orientated strategy investing in the broader global investment grade corporate debt market, but also has the flexibility to invest in non-benchmark credit sectors. Our decision to appoint MSIM was largely due to the highly experienced investment team, robust analytical tools which allow the manager to screen a larger number of issuers than its peers, and its effective risk management skills.

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Performance and activity

The FD Conservative Fund returned 3.8% for the March quarter of 2015 as Australian and international share markets rallied. The Fund outperformed its neutral benchmark by 0.1% for the period, with manager selection adding value.

The relative performance of our underlying managers had a positive impact on the Fund's excess return for the quarter. In particular, the Fund's Australian shares and unlisted/alternative asset portfolios contributed strongly. The very strong run in Australian shares over the quarter was aided by manager selection in financials, which outperformed the broader market as investors continue to search for yield. Alternative asset holdings, in particular, our investment in absolute return manager AQR, was also rewarding; this strategy, which is designed to generate absolute returns regardless of market direction, benefitted from the strong trends in currencies (long US dollar) and commodities (short energy).

Active asset allocation decisions had a slightly negative impact on the Fund's relative return for the quarter. The positive effect of the high conviction underweight to bonds, was partially offset by the below benchmark position in Australian shares coupled with increased exposure to low returns from cash and absolute returns defensive strategies.

The Fund's foreign currency position – expressed primarily through investment in unhedged international shares – was a notable contributor to the total return. The Australian dollar fell significantly over the quarter, down more than 6% versus the US dollar, driven by falls in commodity and oil prices, as well as a cut in the official interest rate. We have maintained a higher weighting to foreign currency which, given these currency movements, further enhanced the Fund's relative return in the March quarter. Solid performance in global developed shares buoyed total returns, also aided by the above average weight held in the sector.

Fund positioning and outlook

We continue to hold an underweight to Australian shares preferring international and Asian shares, as valuations remain attractive, particularly relative to bonds; which remain underweight preferring cash in the defensive component on the Fund. The Fund took up an above average weight to absolute return growth strategies over the quarter through investment in manager KKR

Prisma; as we seek to provide the Fund with exposure to differentiated sources of return compared to traditional markets such as shares and bonds. Finally, the Fund retains an overweight to foreign currency exposure on expectations that the Australian dollar will continue to retreat over the medium term.

Investment objective

To provide a rate of return of 2% above inflation after management costs over a 3 year period. To provide a total return (income and capital growth) after costs and before tax, above the Fund's performance benchmark.

Facts

Fund size	\$845.25 million	Distribution frequency	Quarterly
Minimum suggested time frame	3 years	Date of last distribution	Sep 2014
Minimum initial investment	\$10,000,000	Distribution cents per unit	0.75
Buy/sell spread	+0.10/-0.10		

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 CONSERVATIVE FUND - WHOLESALE (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 fact sheet 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.

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