

MANAGED TREASURY FUND - WHOLESALE

Aims to provide income and capital growth on a rolling 12 month basis by investing in a diversified range of investment grade Australian money market securities.

Performance summary

- > The Fund outperformed its benchmark over the month.
- > Interest rate positioning was the largest driver of active returns in the month.
- > We expect monetary policy to remain unchanged for a prolonged period.

Investment approach

Utilising an investment approach which incorporates active stock selection, liquidity management, and credit analysis, the Fund is positioned to take advantage of prevailing and expected economic cycles and market conditions with the aim of providing a return above cash.

Performance – as at 31 May 2018

Inception Date: 04 Jan 1995

Performance benchmark: Bloomberg AusBond Bank Bill Index

%	1 mth	3 mth	1 yr	3 yr	5 yr	Incept
Total return - after fees	0.19	0.45	1.82	2.04	2.32	4.92
Before tax and fees	0.21	0.51	2.07	2.29	2.58	5.44
Distribution	0.34	0.44	1.89	2.07	2.36	4.92
Growth	-0.15	0.01	-0.08	-0.03	-0.05	-0.00
Benchmark	0.17	0.48	1.78	1.95	2.24	4.87

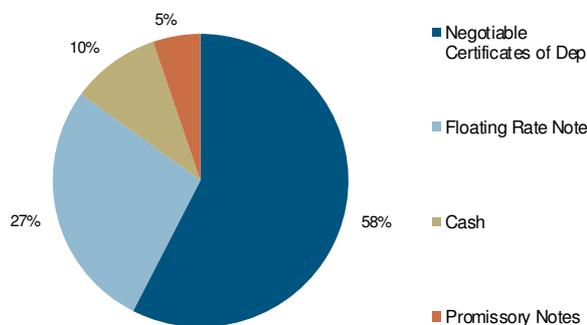
Past performance is not a reliable indicator of future performance.

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.

For more information visit ampcapital.com.au

Asset allocation



Risk indicator

	Portfolio
Average rating	AA-
Modified duration	0.29
Yield to maturity	3.07%

> MANAGED TREASURY FUND - WHOLESALE

Performance and activity

The Managed Treasury Fund (the Fund) outperformed its benchmark (before tax after fees) by 4 basis points in May.

Interest rate positioning was the largest driver of active returns in the month.

Market commentary

Australian economic data remains on the soft side, with a decline in building approvals, continuing moderate credit growth, further falls in home prices and a softer than expected rise in business investment in the latest quarter. Investment plans are nevertheless showing improvement, indicating that the previous drag on overall growth from investment may be over. The recently announced 3.5% increase in the minimum wage will obviously contribute to wages growth, albeit to a limited extent.

Government bond yields in Australia benefited from a flight to quality in May, with the greatest moves occurring within long-dated maturities. The Commonwealth Government 2-year bond yield ended the month six basis points lower at 1.98%, while the Commonwealth Government 10-year bond yield fell by 10 basis points to 2.67%.

Outlook

We continue to hold the view that the Reserve Bank of Australia is unlikely to move this year, and will probably remain on hold until at least the first half of 2020. The business sector continues to send positive signals, particularly in regard to profitability. However, the consumer sector remains a concern and despite ongoing jobs growth consumption growth continues to be fairly subdued. On the inflation front, recent data implies that we have seen the lows on consumer price growth but there remains little evidence of sustained upward pressure towards the target band of the Reserve Bank of Australia. Wage pressure remains contained, and credit growth continues to be soft by historical standards. Housing price growth appears to have stalled after macro-prudential measures have begun to have effect, and in Sydney growth has begun to turn negative. With minimal inflation pressure, the Reserve Bank of Australia is likely to remain sidelined, and while Australian bonds have outperformed versus other developed markets we expect this will persist. In this environment, Australian money market activity is likely to be focused on carry and roll-down rather than significant capital moves, outside occasional funding squeezes. Credit should remain reasonably well supported but with tight valuations we prefer to concentrate on the relatively short-dated space where potential for adverse spread widening is more limited.

Investment objective

To provide investors with a low risk, readily accessible investment and to outperform the Bloomberg AusBond Bank Bill Index, gross of fees.

Facts

Fund size	\$2,798.27 million
Minimum suggested time frame	1 year
Minimum initial investment	\$10,000,000
Buy/sell spread	Nil

Distribution frequency	Monthly
Date of last distribution	May 2018
Distribution cents per unit	0.18

For more information

T: 1800 658 404
F: 1800 630 066
W: www.ampcapital.com.au

Or your institutional sales executive

APIR Code AMP0249AU
AMP Capital Investors Limited
ABN 59 001 777 591, AFSL 232497