

24 October 2019

## AMP Limited Q3 19 AUM and cashflows update

- Growth in assets under management (AUM) in Australian wealth management and AMP Capital from strong investment markets. New Zealand wealth management AUM fell during the quarter mainly due to a weaker New Zealand dollar.
- Increased cash inflows in Australian wealth management offset by higher outflows including A\$0.6 billion of regular pension payments and A\$0.2 billion from the impact of new Protecting Your Super legislation.
- AMP Capital net external cash inflows of A\$0.8 billion driven by strong infrastructure debt and real estate flows, lifting AUM above A\$202 billion.
- AMP Bank experienced strong deposit growth of A\$0.6 billion to A\$14.5 billion, and the loan book increased to A\$20.3 billion.

### AMP Chief Executive Francesco De Ferrari said:

“Each of our businesses performed broadly as expected during the third quarter. AMP Capital continues to experience strong demand for its real assets investment capabilities, with especially strong infrastructure debt flows and commitments of US\$6.2 billion received for its fourth infrastructure debt strategy.

“AMP Bank has again delivered exceptional value to clients, which is reflected in strong deposit growth and an increase in our loan book.

“Australian wealth management is taking significant steps to reinvent its business model, building a business around client needs. We have achieved stronger inflows during Q3, reflecting our improved fee competitiveness, but also higher outflows as the new Protecting Your Super legislation was implemented in Australia.”

## Commentary

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### Australian wealth management<sup>1</sup>

- Australian wealth management AUM increased to A\$133.2 billion as at Q3 19.
- Q3 19 net cash outflows of A\$1.9 billion driven by:
  - Cash inflows of A\$7.1 billion, A\$0.6 billion higher than Q3 18, with North net cash inflows up 25 per cent to A\$1.1 billion.
  - Cash outflows of A\$9.0 billion included A\$0.6 billion in regular pension payments to AMP's clients and A\$0.2 billion due to the introduction of Protecting Your Super legislation.
  - Higher North net cash inflows driven by a 31 per cent increase in inflows (A\$0.3 billion) from external financial advisers. MyNorth fee reductions also led to higher internal flows.
  - There were no material outflows from the loss of corporate super mandates during Q3 19. Corporate super outflows of approximately A\$1.4 billion are expected during the next 12 months.

### AMP Capital

- AMP Capital AUM increased to A\$202.2 billion, with a further A\$5.4 billion capital available for investment of which A\$2.2 billion is earmarked for investments made but yet to close.
- Q3 19 net cash outflows of A\$1.1 billion comprised:
  - Net external cash inflows of A\$0.8 billion.
  - External cash inflows reflected strong momentum in infrastructure debt, where A\$0.6 billion was invested in international assets, and real estate.
  - This was offset in part by public markets redemptions and China Life AMP Asset Management outflows.
  - Net internal cash outflows of \$1.9 billion followed outflows in Australian wealth management.
- Outside the quarter, AMP Capital's fourth infrastructure debt strategy raised a record US\$6.2 billion, which includes the final close of the AMP Capital Infrastructure Debt Fund IV (IDF IV), co-investment rights and separately managed account commitments.

### AMP Bank<sup>1</sup>

- AMP Bank deposits increased by A\$0.6 billion in Q3 19 to A\$14.5 billion, with strong growth particularly in retail and platform deposits reflecting AMP Bank's strategy to move to a more deposit-led funded Bank.
- AMP's total loan book grew by A\$0.1 billion to A\$20.3 billion in Q3 19, with ongoing growth from the mortgage broker channel amid subdued market conditions.

### New Zealand wealth management

- New Zealand wealth management AUM down slightly at A\$11.8 billion for the period, mainly due to a weaker New Zealand dollar.

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<sup>1</sup> AMP Limited announced on 10 October that it is bringing together its banking and Australian wealth management business units into a combined organisation to be named AMP Australia.

- New Zealand wealth management experienced net cash outflows of A\$0.1 billion compared to A\$0.1 billion in net cash inflows in Q3 18.

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## Q3 19 Cashflows

### Australian wealth management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 19	Q3 18	Q3 19	Q3 18	Q3 19	Q3 18
North <sup>1</sup>	4,873	3,894	(3,776)	(3,013)	1,097	881
AMP Flexible Super <sup>2</sup>	469	666	(1,191)	(1,180)	(722)	(514)
Summit, Generations and iAccess <sup>3</sup>	130	162	(633)	(610)	(503)	(448)
Flexible Lifetime Super (superannuation and pension) <sup>4</sup>	352	395	(1,203)	(976)	(851)	(581)
Other retail investment and platforms <sup>5</sup>	27	44	(95)	(90)	(68)	(46)
<b>Total retail on AMP platforms</b>	<b>5,851</b>	<b>5,161</b>	<b>(6,898)</b>	<b>(5,869)</b>	<b>(1,047)</b>	<b>(708)</b>
SignatureSuper and AMP Flexible Super – Employer	744	668	(859)	(760)	(115)	(92)
Other corporate superannuation <sup>6</sup>	341	421	(745)	(709)	(404)	(288)
<b>Total corporate superannuation</b>	<b>1,085</b>	<b>1,089</b>	<b>(1,604)</b>	<b>(1,469)</b>	<b>(519)</b>	<b>(380)</b>
<b>Total retail and corporate superannuation on AMP platforms</b>	<b>6,936</b>	<b>6,250</b>	<b>(8,502)</b>	<b>(7,338)</b>	<b>(1,566)</b>	<b>(1,088)</b>
External platforms <sup>7</sup>	168	235	(543)	(632)	(375)	(397)
<b>Total Australian wealth management</b>	<b>7,104</b>	<b>6,485</b>	<b>(9,045)</b>	<b>(7,970)</b>	<b>(1,941)</b>	<b>(1,485)</b>

Cash inflow composition (A\$m)	Q3 19	Q3 18
Member contributions	776	818
Employer contributions	893	920
<b>Total contributions</b>	<b>1,669</b>	<b>1,738</b>
Transfers and rollovers in <sup>8</sup>	5,435	4,747
<b>Total</b>	<b>7,104</b>	<b>6,485</b>

<sup>1</sup> North is an award-winning fully functioning wrap platform which includes guaranteed and non-guaranteed options.

<sup>2</sup> AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.

<sup>3</sup> Summit and Generations are owned and developed platforms. iAccess is ipac's badge on Summit.

<sup>4</sup> Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. A small component of corporate superannuation schemes are included.

<sup>5</sup> Other retail investment and platforms include Flexible Lifetime - Investments and AMP Personalised Portfolio.

<sup>6</sup> Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super.

<sup>7</sup> External platforms comprise Asgard, Macquarie, BT Wrap platforms and Challenger annuities.

<sup>8</sup> Transfers, rollovers in and other includes the transfer of accumulated member balances into AMP from both internal (eg retail superannuation to allocated pension/annuities) and external products.

AUM (A\$m) <sup>1</sup>	Q2 19	Q3 19 Net Cashflows				Total net cashflows	Other movements <sup>2</sup>	Q3 19
	AUM	Super-annuation	Pension Payments	Other Pension	Investment			AUM
North	43,296	443	(287)	841	100	1,097	877	45,270
AMP Flexible Super <sup>3</sup>	15,193	(302)	(139)	(281)	-	(722)	348	14,819
Summit, Generations and iAccess	9,583	(211)	(57)	(149)	(86)	(503)	157	9,237
Flexible Lifetime Super (superannuation and pension) <sup>4</sup>	22,551	(715)	(42)	(94)	-	(851)	417	22,117
Other retail investment and platforms	2,391	-	-	-	(68)	(68)	43	2,366
<b>Total retail on AMP platforms</b>	<b>93,014</b>	<b>(785)</b>	<b>(525)</b>	<b>317</b>	<b>(54)</b>	<b>(1,047)</b>	<b>1,842</b>	<b>93,809</b>
SignatureSuper and AMP Flexible Super – Employer <sup>5</sup>	19,455	(96)	(11)	(8)	-	(115)	272	19,612
Other corporate superannuation <sup>6</sup>	12,427	(404)	-	-	-	(404)	189	12,212
<b>Total corporate superannuation</b>	<b>31,882</b>	<b>(500)</b>	<b>(11)</b>	<b>(8)</b>	<b>-</b>	<b>(519)</b>	<b>461</b>	<b>31,824</b>
<b>Total retail and corporate superannuation on AMP platforms</b>	<b>124,896</b>	<b>(1,285)</b>	<b>(536)</b>	<b>309</b>	<b>(54)</b>	<b>(1,566)</b>	<b>2,303</b>	<b>125,633</b>
External platforms	7,807	(81)	(32)	(111)	(151)	(375)	118	7,550
<b>Total Australian wealth management</b>	<b>132,703</b>	<b>(1,366)</b>	<b>(568)</b>	<b>198</b>	<b>(205)</b>	<b>(1,941)</b>	<b>2,421</b>	<b>133,183</b>
Australian wealth management – SuperConcepts <sup>7,8</sup> Assets under administration	22,722						(1,494)	21,228

<sup>1</sup> AUM reflects a post separation view following the sale of Australian and New Zealand wealth protection and mature businesses to Resolution Life.

<sup>2</sup> Other movements include fees, investment returns, distributions, taxes, and foreign exchange movements.

<sup>3</sup> AMP Flexible Super includes A\$0.4b in MySuper (Q2 19 A\$0.3b).

<sup>4</sup> Flexible Lifetime Super (superannuation and pension) includes A\$5.4b in MySuper (Q2 19 A\$5.5b).

<sup>5</sup> SignatureSuper and AMP Flexible Super – Employer includes A\$10.3b in MySuper (Q2 19 A\$10.2b).

<sup>6</sup> Other corporate superannuation includes A\$6.1b in MySuper (Q2 19 A\$6.1b).

<sup>7</sup> SuperConcepts assets under administration includes AMP SMSF, Multiport, Cavendish, SuperIQ, yourSMSF, Justsuper, Ascend and SuperConcepts platforms, but does not include Multiport Annual, SuperConcepts Accountants Outsource, SMSF Managers and MORE Superannuation.

<sup>8</sup> Assets under administration at Q2 19 has been restated down by A\$4.3b for correction of duplicated balances on funds migrated to new systems and finalisation of FY18 lodgements

AUM (A\$m)	Q2 19	Q3 19
<b>AUM by product</b>	<b>AUM</b>	<b>AUM</b>
Superannuation	80,581	80,649
Pension	35,712	36,041
Investment	16,410	16,493
<b>Total</b>	<b>132,703</b>	<b>133,183</b>
<b>AUM by asset class</b>		
Cash and fixed interest	30%	30%
Australian equities	30%	30%
International equities	29%	29%
Property	6%	6%
Other	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

AUM (A\$b)	Q2 19	Q3 19
	<b>AUM</b>	<b>AUM</b>
Closing AUM	132.7	133.2
Average AUM	130.8	133.1

## AMP Capital

AUM (A\$m)	Q2 19	Q3 19 Net cashflows				Q3 19
	AUM	Cash inflows	Cash outflows	Total net cashflows	Other movements <sup>1</sup>	AUM <sup>2</sup>
External	74,141	3,781	(3,015)	766	1,112	76,019
Internal	125,424	4,510	(6,381)	(1,871)	2,582	126,135
<b>Total AMP Capital</b>	<b>199,565</b>	<b>8,291</b>	<b>(9,396)</b>	<b>(1,105)</b>	<b>3,694</b>	<b>202,154</b>

AUM (A\$b)	Q2 19	Q3 19
	<b>AUM</b>	<b>AUM</b>
Closing AUM	199.6	202.2
Average AUM	196.4	201.3

<sup>1</sup> Other movements include fees, investment returns, distributions, taxes, and foreign exchange movements.

<sup>2</sup> AUM is invested capital. Committed real asset capital is excluded from AUM.

## AMP Bank

AMP Bank by product	Q2 19	Other	Q3 19
<b>Deposits and loans (A \$m)</b>	<b>end balance</b>	<b>movements<sup>1</sup></b>	<b>end balance</b>
Deposits (super and platform) <sup>2</sup>	5,333	145	5,478
Deposits (other) <sup>3</sup>	8,535	484	9,019
Loans	20,202	95	20,297

<sup>1</sup> Represents movements in AMP Bank's deposits and loan books.

<sup>2</sup> At 30 Sep 2019, Super and Platform deposits include AMP Supercash and Super TDs (A\$1.5b), North and platform deposits (A\$4.0b).

<sup>3</sup> Deposits (other) includes retail deposits, internal deposits, wholesale deposits and other deposits.

## New Zealand wealth management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 19	Q3 18	Q3 19	Q3 18	Q3 19	Q3 18
KiwiSaver	222	219	(179)	(134)	43	85
Other <sup>1</sup>	119	183	(241)	(176)	(122)	7
<b>Total New Zealand wealth management</b>	<b>341</b>	<b>402</b>	<b>(420)</b>	<b>(310)</b>	<b>(79)</b>	<b>92</b>

AUM (A\$m)	Q2 19	Q3 19 Net cashflows		Total net cashflows	Other movements <sup>2</sup>	Q3 19
	AUM	Superannuation	Investment			AUM
KiwiSaver	5,351	43	0	43	(37)	5,357
Other <sup>1</sup>	6,612	(26)	(96)	(122)	(70)	6,420
<b>Total New Zealand wealth management</b>	<b>11,963</b>	<b>17</b>	<b>(96)</b>	<b>(79)</b>	<b>(107)</b>	<b>11,777</b>

<sup>1</sup> Other includes superannuation, retail investment platform and legacy products.

<sup>2</sup> Other movements include fees, investment returns, distributions, taxes, as well as foreign currency movements on New Zealand AUM.