

24 October 2014

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Announcement No: 27/2014
AMP Limited (ASX/NZX: AMP)

AMP Limited reports third quarter cashflows, AUM and Australian wealth protection update

Please refer to the attached documents. 

24 October 2014

AMP Limited reports third quarter cashflows, AUM and Australian wealth protection update

AMP Limited today reported cashflows and assets under management (AUM) and an update on its Australian wealth protection business for the third quarter to 30 September 2014.

AMP Chief Executive Craig Meller said: "This continues our solid momentum across the business. Our current range of products are performing well, the focus on Asia continues to deliver results and the performance of our insurance business is in line with guidance".

Australian Wealth Management net cashflows for the quarter were \$476 million, more than doubling flows in Q3 13 of \$206 million. Total AUM was \$105.2 billion, up from \$103.8 billion at the end of Q2 14, reflecting stronger net cashflows and positive investment returns over the quarter. Average AUM increased by 2.6 per cent over the same period.

AMP's leading wrap platform North recorded its highest ever quarterly net cashflow of \$1.5 billion in Q3 14, the sixth consecutive quarter of net cashflows of \$1 billion or more. Fifty seven per cent of North's cashflows were externally sourced.

North exhibited particular strength in attracting retirement income account flows which contributed \$951 million to net cashflows for Q3 14. Customers also continued to be attracted to North's innovative guaranteed options which accounted for approximately 8 per cent of net cashflows in the third quarter. North AUM grew to \$13.8 billion at the end of the quarter, up from \$12.2 billion at the end of Q2 14.

AMP Flexible Super recorded net cashflows of \$500 million in Q3 14. The 12 per cent growth in AMP Flexible Super net cashflows was largely externally driven reflecting higher contributions from new members with strong flows into retirement income accounts. AUM increased by 6.3 per cent over the quarter to \$11.9 billion, up from \$11.2 billion at the end of Q2 14.

Corporate superannuation net cash inflows were \$16 million in Q3 14 compared to a net cash outflow of \$52 million for Q3 13 (Q3 13 included a mandate loss of \$60 million).

External platform net cash outflows were \$311 million in Q3 14 compared to a net cash outflow of \$233 million in Q3 13. A significant proportion of the increased net cash outflows from external platforms was captured by North in the third quarter.

AMP SMSF assets under administration were \$18.5 billion at the end of Q3 14, an increase of \$572 million from Q2 14. At the end of Q3 14 AMP SMSF had 15,491 member accounts under administration (including SuperIQ) up from 15,173 at the end of Q2 14.

AMP Capital had net cash outflows for Q3 14 of \$236 million, comprising external net cash inflows of \$726 million for the quarter and internal net cash outflows of \$961 million.

AMP's strategic partnership with MUTB in Japan delivered strong flows during the quarter as did other distribution partnerships in Japan across a number of asset classes. The China Life AMP Asset Management Company also contributed to the external net cash inflows for the third quarter and the joint venture now has four products available for Chinese investors. A number of large external mandate wins domestically were largely offset by a single large redemption. Internal outflows relate mainly to the ongoing run-off of mature products closed to new business. Q3 internal outflows were also negatively impacted by transitions of platform sourced cash to be managed by AMP Bank and outflows due to product restructures in New Zealand financial services.

AMP Capital AUM at the end of Q3 14 was \$145.4 billion up 0.7 per cent from \$144.4 billion at the end of Q2 14. Over the same period, average AUM increased 1.7 per cent.


AMP New Zealand Financial Services' net cashflows improved to A\$105 million in Q3 14, from A\$65 million in Q3 13 with growth in cashflows into its KiwiSaver offering and other net cashflows benefitting from advisers transitioning customers onto AMP platforms.

AMP's mature net outflows in Q3 14 were \$456 million, compared to a net outflow of \$440 million in Q3 13.

AMP Bank's mortgage book increased 1.4 per cent to \$14.2 billion at the end of Q3 14 from \$14.0 billion at Q2 14. In Q3 14, the AMP aligned adviser channel contributed 26 per cent of AMP Bank's mortgage new business, up from 23 per cent at 1H 14. Over the year, AMP management targets lending growth above system growth, subject to funding availability and return targets. The deposit book was \$9.1 billion, up 2.2 percent in Q3 14 from \$8.9 billion at the end of Q2 14.

Australian wealth protection annual premium in-force grew by 6.2 per cent in Q3 14 to \$1.935 billion compared to \$1.821 billion in Q2 14. Growth in API was primarily driven by a 4.6 per cent increase in individual lump sum insurance and a 16.6 per cent increase in group risk insurance as a result of premium rate increases.

Business update on Australian wealth protection business

During Q3 14, lapse experience across AMP's insurance business was in line with best estimate assumptions and claims experience continued to perform ahead of best estimate assumptions. The best estimate assumptions outlined at AMP's FY13 results announcement remain unchanged. 

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Australian Wealth Management

Australian wealth management	Cash inflows		Cash outflows		Net cashflows	
	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13
Cashflows by product (A\$m)						
AMP Flexible Super ¹	2,075	1,511	(1,575)	(1,066)	500	445
North ²	3,113	1,958	(1,656)	(938)	1,457	1,020
Summit, Generations and iAccess ³	608	533	(1,068)	(881)	(460)	(348)
Flexible Lifetime (superannuation and pension) ⁴	521	569	(1,101)	(1,120)	(580)	(551)
Other retail investment and platforms ⁵	101	88	(247)	(163)	(146)	(75)
Total retail on AMP platforms	6,418	4,659	(5,647)	(4,168)	771	491
SignatureSuper and AMP Flexible Super - Employer	711	600	(562)	(467)	149	133
Other corporate superannuation ⁶	360	364	(493)	(549)	(133)	(185)
Total corporate superannuation	1,071	964	(1,055)	(1,016)	16	(52)
Total retail and corporate super on AMP Platforms	7,489	5,623	(6,702)	(5,184)	787	439
External platforms ⁷	658	643	(969)	(876)	(311)	(233)
Total Australian wealth management	8,147	6,266	(7,671)	(6,060)	476	206

¹ AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.

² North is a market leading fully functioning wrap platform which includes guaranteed and non-guaranteed options.

³ Summit and Generations are owned and developed platforms. iAccess is ipac badge on Summit.

⁴ Flexible Lifetime (superannuation and pension) was closed to new business from 1 July 2010. A small component of corporate superannuation schemes is included.

⁵ Other retail investment and platforms include Flexible Lifetime - Investments, AMP Personal Portfolio and Synergy.

⁶ Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super.

⁷ External platforms comprise Asgard, Macquarie and BT Wrap platforms.

Australian wealth management	Q2 14		Q3 14 Net cashflows			Total net cashflows	Other movements ¹	Q3 14 AUM
	AUM	Superannuation	Pension	Investment				
AMP Flexible Super	11,174	135	365	-	-	500	209	11,883
North	12,195	244	951	262	-	1,457	97	13,750
Summit, Generations and iAccess	14,298	(195)	(191)	(74)	-	(460)	100	13,938
Flexible Lifetime (superannuation and pension)	24,741	(377)	(204)	-	-	(580)	278	24,439
Other retail investment and platforms	3,245	(36)	(35)	(75)	-	(146)	(12)	3,086
Total retail on AMP platforms	65,653	(228)	886	113	-	771	672	67,096
SignatureSuper and AMP Flexible Super - Employer	11,943	116	32	-	-	149	167	12,259
Other corporate superannuation	12,956	(133)	-	-	-	(133)	81	12,905
Total corporate superannuation	24,899	(16)	32	-	-	16	248	25,163
Total retail and corporate super on AMP platforms	90,552	(244)	918	113	-	787	920	92,259
External platforms	13,239	(115)	(181)	(15)	-	(311)	(20)	12,908
Total Australian wealth management	103,791	(359)	737	98	-	476	900	105,167
Australian wealth management - AMP SMSF²								
Assets under administration	17,922						572	18,494

¹ Other movements include fees, investment returns and taxes.

² AMP SMSF includes Multiport, Cavendish, SuperIQ, Your SMSF and Ascend administration platforms. SuperIQ is 49% owned by AMP, however 100% of assets under administration are included.

Australian wealth management	Q2 14	Q3 14
AUM (A\$m)	AUM	AUM
AUM by product		
Superannuation	62,783	62,862
Pension	28,570	29,711
Investment	12,438	12,594
Total	103,791	105,167
AUM by asset class		
Cash and fixed interest	31%	31%
Australian equities	35%	34%
International equities	22%	24%
Property	6%	6%
Other	6%	5%
Total	100%	100%

Australian wealth management	Q2 14	Q3 14
AUM summary (A\$b)	AUM	AUM
Closing AUM	103.8	105.2
Average AUM	102.7	105.4

AMP Capital

AMP Capital	Q2 14		Q3 14 Net cashflows			Total	Q3 14	
AUM (A\$m)	AUM		Cash inflows	Cash outflows		net cashflows	Other movements	AUM
External	43,635		2,682	(1,956)		726	(509)	43,852
Internal	100,799		3,833	(4,795)		(962)	1,719	101,557
Total AMP Capital	144,434		6,515	(6,751)		(236)	1,210	145,409

AMP Capital	Q2 14	Q3 14
AUM summary (A\$b)	AUM	AUM
Closing AUM	144.4	145.4
Average AUM	143.5	146.0

New Zealand

New Zealand	Cash inflows		Cash outflows		Net cashflows	
Cashflows by product (A\$m)	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13
KiwiSaver	204	177	(80)	(62)	124	115
Other ¹	247	196	(266)	(246)	(19)	(50)
Total New Zealand	451	373	(346)	(308)	105	65

New Zealand	Q2 14		Q3 14 Net cashflows				Total	Q3 14	
AUM (A\$m)	AUM	Superannuation	Pension	Investment	Other	net cashflows	Other movements ²	AUM	
KiwiSaver	2,879	124	-	-	-	124	(62)	2,941	
Other ¹	9,674	(12)	(1)	(15)	9	(19)	(169)	9,486	
Total New Zealand	12,553	112	(1)	(15)	9	105	(231)	12,427	

¹ Other New Zealand cashflows and AUM include New Zealand wealth protection, mature and non-KiwiSaver wealth management.

² Other movements include fees, investment returns, taxes, as well as foreign currency movements on New Zealand AUM.

New Zealand wealth protection	Q2 14	Q3 14
Risk Insurance Annual Premium In-force – API (A\$m)	API	API
Individual lump sum	231	221
Individual income protection	48	46
Group Risk	37	37
Total	316	304

Australian Mature

Australian mature	Cash inflows		Cash outflows		Net cashflows	
Cashflows by product (A\$m)	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13
Australian mature	146	150	(602)	(590)	(456)	(440)

Australian mature	Q2 14		Q3 14 Net cashflows				Total	Q3 14	
AUM (A\$m)	AUM	Superannuation	Pension	Investment	Other	net cashflows	Other movements ¹	AUM	
Australian mature	22,468	(235)	(53)	(24)	(143)	(456)	227	22,239	

¹ Other movements include fees, investment returns and taxes.

AMP Bank

AMP Bank by product	Q2 14	Q3 14
Deposits and loans (A\$m)	AUM	Other movements ¹
Deposits (Supercash, Super TDs & Platform TDs) ²	4,196	83
Deposits (retail) ²	4,693	113
Loans	13,966	199
		14,165

¹ Represents movements in AMP Bank's deposits and loan books.

² At 30 September 2014, deposits include AMP Bank customer deposits (A\$4.8bn), AMP Super Cash and Super TD's (A\$2.5bn), platform and investment fund deposits (A\$1.4bn), and other deposits (A\$0.4bn).

Australian Wealth Protection

Australian wealth protection Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 14	Q3 13	Q3 14	Q3 13	Q3 14	Q3 13
Individual risk	354	340	(150)	(157)	204	183
Group risk	102	96	(57)	(61)	45	35
Total Australian wealth protection	456	436	(207)	(218)	249	218

Australian wealth protection Risk Insurance Annual Premium In-force – API (A\$m)	Q2 14 API	Q3 14 API
Individual lump sum	1,035	1,083
Individual income protection	418	423
Group Risk	368	429
Total	1,821	1,935