AMP Capital Funds Management Limited
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www.ampcapital.com.au/china

AMP Capital China Growth Fund

Quarterly Report

The AMP Capital China Growth Fund is listed on the Australian Securities Exchange under the Code AGF

MARCH 2015

Investment objective

The AMP Capital China Growth Fund aims to:
achieve long-term capital growth with a focus on investing in China A shares, which are shares in companies listed on China's Shanghai or Shenzhen stock exchanges; and outperform the S&P/CITIC 300 Total Return Index (expressed in Australian dollars).The objectives do not include the payment of regular income to investors.

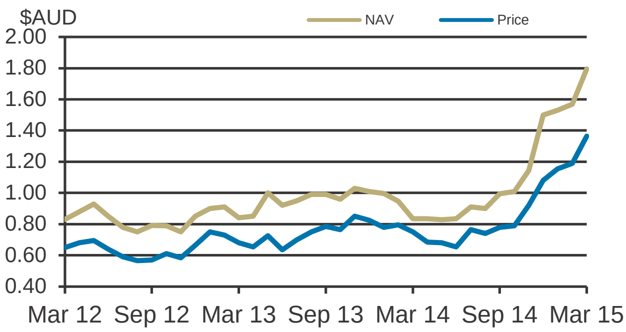
Net Asset Value (NAV) per unit as at 31 March 2015	$1.80

AMP Capital China Growth Fund performance (in AUD) for the period ended 31 March 2015

	1 mth %	3 mth %	6 mth %	1 yr %	3 yr % pa	5 yr % pa	Since inception*
Net fund returns**	16.86	22.8	85.0	120.3	33.0	12.9	12.5
Gross fund returns#	17.10	22.6	86.0	123.5	35.3	15.3	14.3
Benchmark returns	17.77	22.8	82.4	129.6	35.0	12.1	12.9

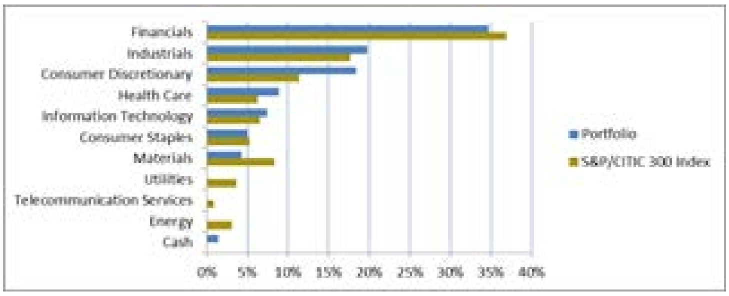
Source: AMP Capital. These returns assume distributions are reinvested. Past performance is not a reliable indicator of future performance.
* 10 February 2007.
** Net performance is calculated after fees, expenses and taxes.
*** Gross performance is calculated before fees, expenses and taxes.

AMP Capital China Growth Fund NAV and share price



Source: AMP Capital, Bloomberg. NAV figures are ex-distribution.

Sector allocation – % of total equity investments at 31 March 2015



Source: AMP Capital.

Twenty largest stock positions as at 31 March 2015

Stock	Sector	Industry	Weight (%)
Ping An Insurance Group Co of China Ltd	Financials	Insurance	4.93
CITIC Securities Co Ltd	Financials	Capital Markets	4.12
Haitong Securities Co Ltd	Financials	Capital Markets	3.33
China Minsheng Banking Corp Ltd	Financials	Commercial Banks	3.03
China Merchants Bank Co Ltd	Financials	Commercial Banks	2.81
Industrial Bank Co Ltd	Financials	Commercial Banks	2.51
China CNR Corp Ltd	Industrials	Machinery	2.29
Shanghai Pudong Development Bank Co Ltd	Financials	Commercial Banks	2.12
Kangmei Pharmaceutical Co Ltd	Health Care	Pharmaceuticals	2.01
Huayu Automotive Systems Co Ltd	Consumer Discretionary	Auto Components	1.92
Suning Commerce Group Co Ltd	Consumer Discretionary	Specialty Retail	1.91
Aisino Co Ltd	Information Technology	Software	1.88
Beijing Originwater Technology Co Ltd	Industrials	Commercial Services & Supplies	1.83
Jiangsu Hengrui Medicine Co Ltd	Health Care	Pharmaceuticals	1.76
China Vanke Co Ltd	Financials	Real Estate Mgt & Development	1.71
BesTV New Media Co Ltd	Consumer Discretionary	Media	1.64
Kweichow Moutai Co Ltd	Consumer Staples	Beverages	1.54
SAIC Motor Corp Ltd	Consumer Discretionary	Automobiles	1.53
Ping An Bank Co Ltd	Financials	Commercial Banks	1.52
Bank of Communications Co Ltd	Financials	Commercial Banks	1.51
Total			45.90

Source: AMP Capital.

Fund performance

The China A share market rose by 22.8% in AUD terms in the first quarter of 2015, continuing its strong momentum from last year, and the Fund underperformed the benchmark by 0.2% (before fees).

The share market remained strong in the first quarter, while economic data January to March was on the down side and remained lacklustre. Monetary data was much better than expected.

Industrial stocks were the major contributor to performance with stronger than expected earnings delivered by the railway sector. China's recent decision to push forward on its "One Belt, One Road" initiative and the setup of the Asian Infrastructure Investment Bank (AIIB) made investors beef up infrastructure stocks in China.

The consumer sector also returned to a positive performance, thanks to new internet initiatives by companies such as Haining China Leather and Suning Commerce. The "Internet plus" theme, mentioned by Premier Li, also spread to other sectors such as healthcare and boosted related stock share prices.

On the other hand, the main detractor to fund performance was an underweight position in the material sector as cyclical names went higher amid risk-on trade. Another drag on performance was the underweight position in the Independent Power Producers as reform expectations in the power sector pushed up share prices. Also sector rotation toward growing sectors meant financials lost value and, despite the announcement of mortgage relaxation policy, property stocks were still lagging.

Market commentary

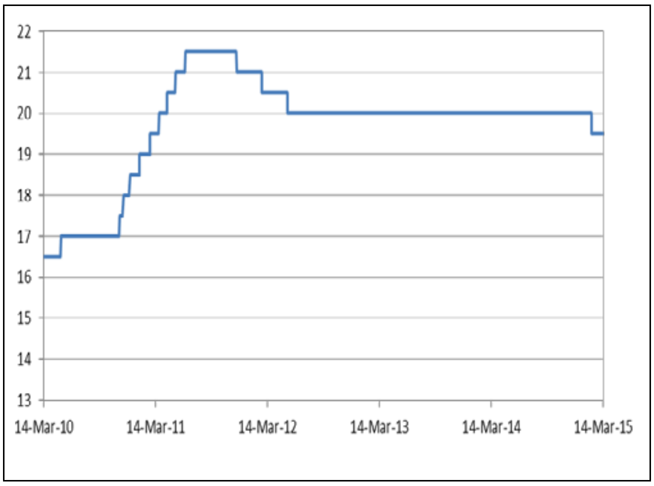
Given softer economic activity with mild inflation, in February, the People's Bank of China (PBOC) lowered the reserve requirement ratio (RRR) for all financial institutions by 0.5%. There was another targeted RRR cut of 50bps focused on city and rural commercial banks with sufficient exposure to small enterprises. Moreover, the RRR for Agricultural Development Bank will be lowered by 4.5%. The total implied liquidity injection to the market is expected to be around RMB630 billion.

In order to support China's property sector, the PBOC, the Ministry of Housing and Urban-Rural Development, the China Banking Regulatory Commission and the Ministry of Finance announced a series of easing measures in the property sector. The focus will be on lowering the minimum mortgage down-payment ratio and expanding tax exemptions for certain individual home sellers. Buyers upgrading to their second home would be subject to a minimum 40% down-payment ratio (versus the previous ratio of 60-70%).

The Ministry of Finance has also announced that individuals selling their "ordinary housing" will be exempt from business tax, if they have held the dwelling for more than two years. (The current holding period threshold for tax exemption is five years).

More interest rate and RRR cuts are expected this year~~,~~ given China's growth slowdown.

China RRR rate movement



Source: Bloomberg

China's "One Belt One Road" initiative continued to exert influence, both globally and domestically, since its formal inclusion into the resolution of the third Plenum of the 18th Central Committee of the Chinese Communist Party. Also, the establishment of the AIIB and the participation of the UK, France, Germany, Italy and Korea, should encourage the execution of planned future projects.

Global monetary conditions continue to become easier with a number of central banks making interest rate cuts in response to softer growth prospects and lower inflation rates. In particular, the Reserve Bank of India trimmed its benchmark repo rate by 0.25% to 7.5% on 4 March 2015.

Bank Indonesia reversed its November 2014 interest rate hike with a 0.25% interest rate cut to 7.5% given lower crude oil prices.

At its meeting in March the US Federal Reserve (Fed) cut its US economic growth forecasts. This suggests that the Fed could delay raising interest rates until later this year rather than the previously expected June timing. Specifically, the Fed indicated that an interest rate rise would occur after further improvement in the American labour market and when it was "reasonably confident" inflation would move back to its 2% target.

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