

Quarterly report

30 JUNE 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.

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

Net Asset Value (NAV) per unit as at 30 June 2015 **\$1.93**

AMP Capital China Growth Fund performance (in AUD) for the period ended 30 June 2015

| | 1 mth % | 3 mth % | 6 mth % | 1 yr % | 3 yr % pa | 5 yr % pa | Since inception* |
|---------------------|---------|---------|---------|--------|-----------|-----------|------------------|
| Net fund returns** | -12.66 | 7.9 | 32.4 | 137.7 | 35.5 | 19.4 | 13.1 |
| Gross fund returns# | -12.46 | 8.9 | 33.5 | 141.9 | 38.1 | 21.4 | 15.0 |
| Benchmark returns | -7.63 | 11.2 | 36.6 | 153.5 | 39.0 | 18.4 | 14.0 |

Source: AMP Capital. These returns assume distributions are reinvested. Past performance is not a reliable indicator of future performance. Returns for periods greater than a year are annualised.

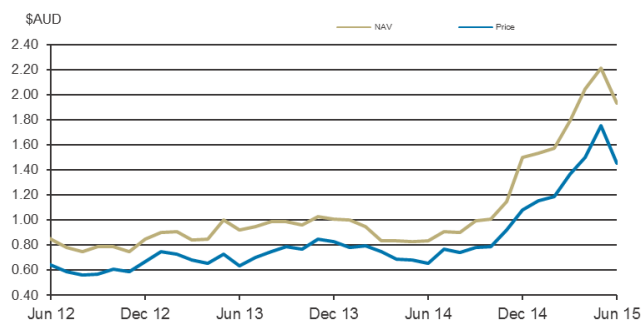
* 10 January 2007.

** Net performance is calculated after fees, expenses and taxes.

Gross performance is calculated before fees, expenses and taxes.

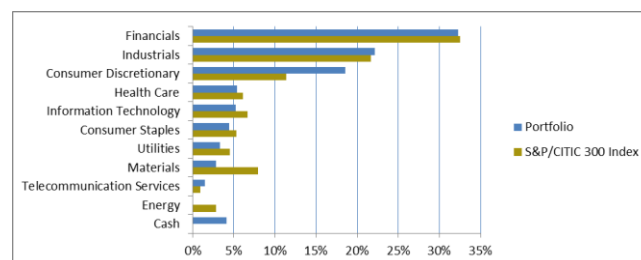
^ Benchmark for the fund is the S&P/CITIC 300 Total Return Index

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 30 June



Source: AMP Capital.

Twenty largest stock positions as at 30 June 2015

| Stock | Sector | Industry | Weight (%) |
|---|------------------------|--------------------------------|--------------|
| Ping An Insurance Group Co of China Ltd | Financials | Insurance | 4.70 |
| China Merchants Bank Co Ltd | Financials | Commercial Banks | 3.07 |
| China Minsheng Banking Corp Ltd | Financials | Commercial Banks | 2.82 |
| Haitong Securities Co Ltd | Financials | Capital Markets | 2.82 |
| CRRC Corp Ltd | Industrials | Machinery | 2.49 |
| AVIC Aircraft Co Ltd | Industrials | Aerospace & Defense | 2.41 |
| GD Power Development Co Ltd | Utilities | Indept Power Prod & Energy Tra | 2.37 |
| Poly Real Estate Group Co Ltd | Financials | Real Estate Mgt & Development | 2.27 |
| Industrial Bank Co Ltd | Financials | Commercial Banks | 2.15 |
| Shanghai Pudong Development Bank Co Ltd | Financials | Commercial Banks | 2.07 |
| Suning Commerce Group Co Ltd | Consumer Discretionary | Specialty Retail | 2.04 |
| Jiangsu Hengrui Medicine Co Ltd | Health Care | Pharmaceuticals | 1.89 |
| CITIC Securities Co Ltd | Financials | Capital Markets | 1.88 |
| Gree Electric Appliances Inc of Zhuhai Co Ltd | Consumer Discretionary | Household Durables | 1.85 |
| Kweichow Moutai Co Ltd | Consumer Staples | Beverages | 1.84 |
| China Southern Airlines Co Ltd | Industrials | Airlines | 1.82 |
| Shenzhen Overseas Chinese Town Co Ltd | Consumer Discretionary | Hotels Restaurants & Leisure | 1.74 |
| Kangmei Pharmaceutical Co Ltd | Health Care | Pharmaceuticals | 1.70 |
| Avic Aviation Engine Corp PLC Ltd | Industrials | Aerospace & Defense | 1.61 |
| Bank of Communications Co Ltd | Financials | Commercial Banks | 1.61 |
| Total | | | 45.16 |

Source: AMP Capital.

Fund performance

The China A share market rose by 11.20% in Australian dollar terms in the second quarter of 2015, as measured by the S&P/CITIC 300 Total Return Index (expressed in Australian dollars). Acute volatility impacted the market during June and the Fund underperformed its benchmark by 2.3% (before fees).

April and May were strong months for China A shares, partly driven by the inclusion of China A shares into the FTSE index. The Shanghai Stock Exchange Composite Index breached the psychological 5000-level in early June, however market volatility from mid-month then resulted in sharp falls.

As a result, confidence in the stock market was low, leading to cautious investors. We believe market volatility will continue into July before settling into a tighter range for indices. In general, investors may be more selective towards ChiNext stocks given that valuations are no longer cheap. We expect companies with merger and acquisition angles and internet-driven business models will be favoured by investors. Following the market falls, investors will be paying close attention to policy changes (and tone) as well as growth recovery signals.

The call for reform of state-owned enterprises (SOE) remains a focus of markets. As a result, we will be careful to screen and review our holdings to ensure we have quality growth stocks with good management quality, strong corporate governance and stable earnings growth track records, rather than only thematic names.

Our underweighting in banks, due to soft macroeconomic and weak earnings growth, took a toll, as banks were supported by government buying as the market fell toward the end of June.

The materials sector remained healthy without any fundamental changes, however our underweight to the sector detracted from performance. Another contributing factor was our underweight to the independent power producer sector. The sector saw positive share price movement due to the anticipation of sector reform.

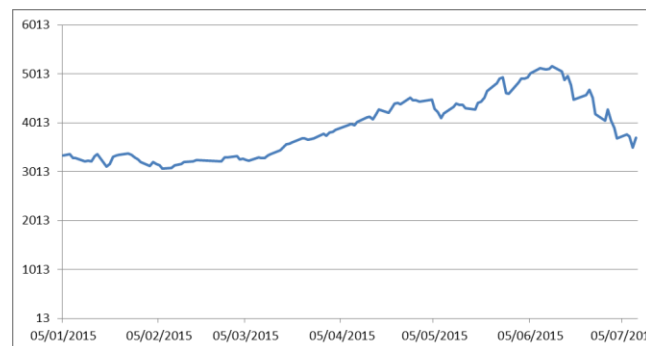
On a positive note, our exposure in media and tourism stocks returned healthy profits for the fund. The health care sector was another key contributor with good stock selection on e-Health and medical services names.

Market commentary

As mentioned, the June quarter was characterised by buoyant markets in April and May, followed by a sharp pull back in China A shares from mid-June. The China A share market saw a single day of decline of over 7% on 26 June.

Our view is that this is a significant price correction for the Chinese share market rather than any ominous sign for China's economic growth. Although the falls are large, the recent gains have been much larger and sentiment could turn very quickly.

Pull back in Shanghai Composite Index



Source: Bloomberg

During June, the People's Bank of China announced cuts to its benchmark interest rates and the Reserve Requirement Ratio (RRR). This should help support economic growth over the next year.

A 50 basis points RRR cut was announced for city commercial banks and rural commercial banks that have met certain standards in lending to the agricultural sector. The one-year benchmark lending rate will be lowered to 4.85% and the one-year benchmark deposit rate will be lowered to 2.00%. This followed the 25 basis points cut in May.

The State Council also announced that it is proposing to amend its banking law to remove the regulatory 75% loan/deposit regulatory cap. In order for this to be implemented it will require final approval from the National People's Congress. This is a positive move in terms of shifting the mix of lending from corporate to consumer over the longer term and lowering the funding cost.

Another noteworthy event during the quarter was Morgan Stanley Capital International (MSCI) flagging that a decision to include China A shares in its indices is imminent once a few remaining issues relating to market accessibility are resolved. MSCI stated that it may announce the decision as soon as this occurs, even if it is outside its regular schedule of review. FTSE announced that it would commence including China A shares into its emerging markets indices in May.

On the global front, problems in Greece continued to prompt uncertainties for global markets. The situation is still very fluid and there is much to be resolved before a definitive outcome can be determined.

Important note: AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) (AMPCFM) is the responsible entity of the AMP Capital China Growth Fund (Fund) and the issuer of units in the Fund. Neither AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) (AMP Capital), AMPCFM 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 investors' report 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 document, and seek professional advice, having regard to their objectives, financial situation and needs. *10 January 2007 is the date the Fund announced to the ASX that the amount of its US\$200m QFII quota had been remitted into China and the Fund was over 90% invested in China A shares.