AMP Capital China Growth Fund
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AMP Capital China Growth Fund (ASX: AGF) – Outcomes of Strategic Review

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Purpose

The responsible entity ("RE") of the AMP Capital China Growth Fund (the "Fund"), AMP Capital Funds Management Limited (AFSL 426455), provides an update to unitholders in relation to the previously announced strategic review of the Fund ("Strategic Review"). As a result of the Strategic Review, the RE has made a number of decisions in relation to the Fund's strategy and ongoing operations and these are explained below.

Background to the Strategic Review

In July 2015, the RE announced it would conduct a comprehensive Strategic Review of the Fund. The review was conducted in accordance with the RE's duties to investors, including its duty to monitor the overall performance of the Fund.

As part of the review, the RE considered the discount between net asset value ("NAV") per unit and ASX trading price (referred to as the "Discount"). It also analysed the performance of the Fund (as compared to its peers) and other operational benchmarking.

In undertaking the Strategic Review the following measures were taken:

- The RE was assisted by Goldman Sachs as advisers;
- A Steering Committee ("SC"), comprised of senior management, was formed to review alternatives, advise and make recommendations to the RE;
- The RE consulted with a range of unitholders and also considered the views expressed by Metage Capital in its letter to unitholders[1] and the public statements made by LIM Advisors[2]; and
- To assist in managing potential conflicts of interest and duty, the RE established an independent Advisory Committee (AC) to review the SC's recommendations and the advice of management and Goldman Sachs and make its own recommendations to the Board of the RE. The members of the AC are Peter Rowe (Chairman of the AC), Grant Bailey and John Evans.[3]

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[1] *Metage Capital Limited Open Letter to the Board of AMP Capital Funds Management Limited (the Board), the Responsible Entity of AMP Capital China Growth Fund dated 11 May 2015.*

[2] Public statements by LIM Advisors: 20 July 2015 and 2 September 2015

[3] Mr Rowe currently serves as Chairman of the Managed Investment Scheme Compliance Committee of AMP Capital Funds Management Limited and was previously a Partner of Herbert Smith Freehills from July 1989 to July 2011. Prior to his appointment in 2005 as the Head of the Financial Services Group, Mr. Rowe developed and led the securitisation practice of Herbert Smith Freehills. He joined Herbert Smith Freehills in 1986 as a Solicitor.

Mr Bailey is a Non-executive Director on AMP Capital Holdings Limited Board and Chair of its Audit & Risk Committee having been appointed in June 2014. Previously he spent 12 years in a variety of senior executive roles at ING Investment Management internationally, including Chief Executive Officer (CEO) of ING's Asia Pacific business based in Hong Kong, CEO of its Middle East business based in Dubai, as well as CEO of

Overview of Strategic Review

The Strategic Review focused on two main alternatives:

> Continue to operate the Fund in a manner largely consistent with its present form, with some changes aimed at improving the Fund's operations (including potential changes to disclosure, governance and capital management); or

> Fundamental changes to the Fund's structure such as a potential de-listing or wind-up of the Fund.

These are discussed in further detail below and in the attached presentation. The presentation also provides detail on the options the RE considered and discussion of drivers of the Discount and performance.

Summary of conclusions

After careful consideration of the interests of all unitholders, the RE has decided the Fund should continue in its present form. The Fund's original purpose to provide Australian investors with access to the China A-share market remains relevant, and the Fund provides one of the few ways for retail Australian investors to access this market. However, the RE did form the view that a number of enhancements to the Fund would be in the best interests of unitholders.

The RE does not believe that it is in the best interests of unitholders to wind up or delist the Fund at this time. However, the RE will continue to monitor whether this remains the position in the future. Should the market structure and the competitive environment evolve making the Fund no longer fit-for-purpose, the RE is committed to exploring strategic options to unlock value for all unitholders.

Capital management

The RE examined potential options to offer investors a one-off redemption facility to allow investors to redeem units at NAV less redemption costs. It also considered an on-market buyback program.

Based on analysis of significant capital management activities undertaken by the comparable peers described below, the RE concluded that these capital management options would be unlikely to sustainably narrow the Fund's Discount over the long term to the benefit of all unitholders. The RE was also concerned that any capital management option involving a substantial redemption opportunity could reduce scale, trading liquidity and operational flexibility of the Fund, which would not be in the best interests of unitholders.

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the Australian business based in Sydney and was with Citigroup for 10 years in a variety of senior roles within their investment management operations.

Mr Evans is an Associate Professor in the Sydney Business School. From 2009-2012 he was Head of the School of Risk & Actuarial Studies at the UNSW. Previously, he served as Chairman of Emerging Leaders Investment Limited, and Chairman of several Risk and Compliance Committees of financial institutions. He has also served as a Guardian of the New Zealand Superannuation Fund and consulted to several industry superannuation funds.

Implement changes

The Strategic Review identified that certain enhancements to the Fund could be made. The RE believes these changes should benefit existing unitholders and may make the Fund more attractive to new investors. This may increase demand, which could assist in narrowing the Discount. These changes are described in the table below:

Changes	Benefits
Operational	
Implement Shanghai-Hong Kong Stock Connect trading platform	Shanghai-Hong Kong Stock Connect is a cross-border investment channel linking the Hong Kong and Shanghai stock exchanges allowing investors in each market to trade shares in the other using their local brokerages, subject to certain quotas. One of the benefits of utilising Shanghai-Hong Kong Stock Connect is that it will provide the Fund with enhanced liquidity for working capital purposes.
Alter the default DRP election to allow new investors to opt-in, rather than requiring them to opt-out	Historically the 'opt-out' default DRP election for investors was adopted because of concerns about the Fund having sufficient liquidity to pay distributions due to repatriation challenges. Whilst protective of liquidity, this had a somewhat dilutionary effect on NAV. The RE believes that accessing China A-shares through Shanghai-Hong Kong Stock Connect will provide sufficient liquidity to enable the RE to change the default election to 'opt-in' for new investors. This change should reduce the dilutionary impact of new issuances on NAV over time.[4]
Improve marketing of the Fund, including the appointment of a dedicated Head of Investor Relations	The RE believes that through enhanced marketing efforts of the Fund, investor demand for the Fund could increase, which may improve trading liquidity in the Fund's units.
Governance and disclosure enhancements	
Establishment of an ongoing Advisory Committee (AC) composed of external members[5]	The RE has decided to continue on an ongoing basis the AC established to assist it in connection with the Strategic Review. The AC's main role going forward will be to assist the RE in its review of strategic issues, including in situations of conflict and in determining whether the Fund continues to be fit for purpose. The purpose and function of the AC will be articulated in its charter, which will be made available to the public.
Enhance the Fund's disclosure by providing daily NAV estimates and a breakdown of the Fund's fees to make the underlying components more transparent	More frequent NAV disclosure increases transparency of the Fund's performance. As investors better understand the components of the Fund's fees the RE believes they will be able to better benchmark these fees against the cost of other investment opportunities.

[4] Existing investors will continue to have the opportunity to vary or cease participation in the DRP.
[5] External for the purposes of section 601JB of the Corporations Act

Options considered by the RE

Description	Key advantages	Key considerations/ disadvantages
Changes to the Fund (whilst retaining current structure)		
> Enhancements described above	> Increased transparency for the benefit of all unitholders > AC brings independent point of view to RE decision making through its consultative role > Shanghai-Hong Kong Stock Connect should provide greater liquidity to repatriate and/or reinvest capital > DRP opt-in might improve liquidity	> While these measures may increase demand, which could assist in narrowing the Discount, the exact extent is uncertain > Some incremental costs may be incurred by the RE and the Fund to implement and maintain the measures
Capital Management		
> One-off capital management; or > On-going capital management program	> Allows participating unitholders to realise the difference between the traded price and the NAV (less costs)	> Benefit only flows to participating selling unitholders > Capital actions by peers have not sustainably reduced the Discount over the long term > Potential reduction in Fund size could impact on the liquidity in trading in the Fund's units > Ongoing capital management actions have the potential to result in an eventual wind-up of the Fund
De-list the Fund		
> De-list the Fund to operate the Fund without access to on-market trading > To the extent possible, offer unitholders the option to cash out (at NAV less costs) or remain in the unlisted fund	> Gives an opportunity to exit the Fund at NAV (less costs) for those unitholders who no longer wish to invest in the de-listed fund > In comparison to a wind-up, it has the benefit of continuing to provide investors with exposure to the China A-share market	> The de-listed fund may need to be closed-end which would significantly limit liquidity > Depending on how many investors remain in the Fund (or any successor) once delisted, the Fund could be sub-scale > Could result in an eventual wind-up of the Fund > Potential friction costs in connection with the cash out option, particularly given recent increased volatility in the market and outstanding tax repatriation issues > Ability for unitholders to access the cash out option may be limited
Wind up the Fund		
> Wind up the Fund at NAV (less costs) and return funds to unitholders > The Fund would cease to exist post the wind-up	> Unitholders receive NAV (less costs) > Pro rata return to all unitholders	> Removes the current opportunity for Australian investors to access actively managed A$ exposure to the China A-share market (the Fund's core purpose) > Potential friction costs particularly given recent increased volatility in the market and outstanding tax repatriation issues > The timing of any orderly wind-up would be uncertain

Fund performance and drivers of the Discount

Drivers of the Discount

The RE believes that there is no single reason driving the Fund's Discount. However the RE believes there are structural features related to the Fund's substantial exposure to investments in the China A-share market which contribute to the Discount, including:

- The significant volatility within the China A-share market;
- The observed premium valuation of many individual China A-shares relative to their H-share listing as with many of the shares to which the Fund has exposure. H-shares refer to Chinese companies listed on the Hong Kong Stock Exchange; and
- Timing and taxation issues regarding repatriation of capital experienced by the Fund and many of its peers.[6]

Fund performance

The Strategic Review included peer benchmarking analysis of the Fund's operations and performance against peer funds. The RE considered that two funds should be classified as key Tier 1 peers[7] and six Funds should be classified as Tier 2 peers[8] – these funds have materially less China A-share exposure but are actively managed.

The key conclusions of the benchmarking analysis, which are summarised in the presentation attached, included:

- The Fund's NAV has outperformed its Tier 1 and Tier 2 peers over both the short and long term.[9] Although the Fund has not generally outperformed its benchmark index since inception.[10]
- The Fund's total unitholder return has generally outperformed its Tier 1 and Tier 2 peers over both the short and long term.[11]
- The Fund's current Discount (20.4%) is around the long-term average (19.6%) and is currently lower than its Tier 1 peers.[12]
- Significant capital management activity undertaken by Tier 1 and Tier 2 peers has not resulted in a material long-term change to the discount between NAV and trading price.

Next steps

The RE believes, at the present time, having conducted the Strategic Review and considered the views of a range of unitholders, that it is appropriate that the Fund continue in its current form.

It also believes that the changes to be made to the Fund will be of benefit to unitholders. The RE expects to implement the changes progressively over the coming six months.

If you would like more information or have any questions about this announcement, please do not hesitate to contact us.

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[6] Previously discussed in the Fund's Investor Update on 26 August 2015
[7] Tier 1 peers include: the HSBC China Dragon Fund and the Morgan Stanley China A Share Fund.
[8] Tier 2 peers include: Templeton Dragon Fund, JP Morgan China Region Fund, Aberdeen Greater China Fund, Fidelity China Special Situations, The China Fund, Inc. and JP Morgan China Investment Trust.
[9] As measured on a NAV total unitholder return basis (assuming distributions are reinvested) in the relevant local currency of each individual peer.
[10] For detailed analysis of the Fund's performance in comparison to its peers, please refer to slides 9 and 10 of the attached presentation.
[11] As measured on a total unitholder return basis (assuming distributions are reinvested) in the relevant local currency of each individual peer.
[12] For detailed analysis of the Fund's discount in comparison to its peers, please refer to slides 12 and 13 of the attached presentation.

THE RESPONSIBLE ENTITY OF THE AMP CAPITAL CHINA GROWTH FUND, AMP CAPITAL FUNDS MANAGEMENT LIMITED, UPDATE TO UNITHOLDERS REGARDING ITS STRATEGIC REVIEW

AMP CAPITAL

17 SEPTEMBER 2015

INTRODUCTION

Background

- In July 2015, the RE announced it would conduct a comprehensive Strategic Review of the AMP Capital China Growth Fund (ASX:AGF) ("the Fund") with the assistance of Goldman Sachs
- The review was conducted in accordance with the RE's duties to investors, including its duty to monitor the overall performance of the Fund. As part of the review, the RE considered the discount between net asset value ("NAV"), per unit and ASX trading price (referred to as the "Discount")
- In undertaking the Strategic Review the RE had the benefit of a Steering Committee ("SC"), comprised of senior management, which was formed to review alternatives, advise and make recommendations to the RE
- The RE consulted with a range of unitholders and also considered the views expressed by Metage Capital in its letter to unitholders and the public statements made by LIM Advisers.
- To assist in managing potential conflicts of interest and duty, the RE established an Advisory Committee ("AC") to review the SC recommendations and the advice of management and of Goldman Sachs. The members of the AC are Peter Rowe (Chairman of the AC), Grant Bailey and John Evans.

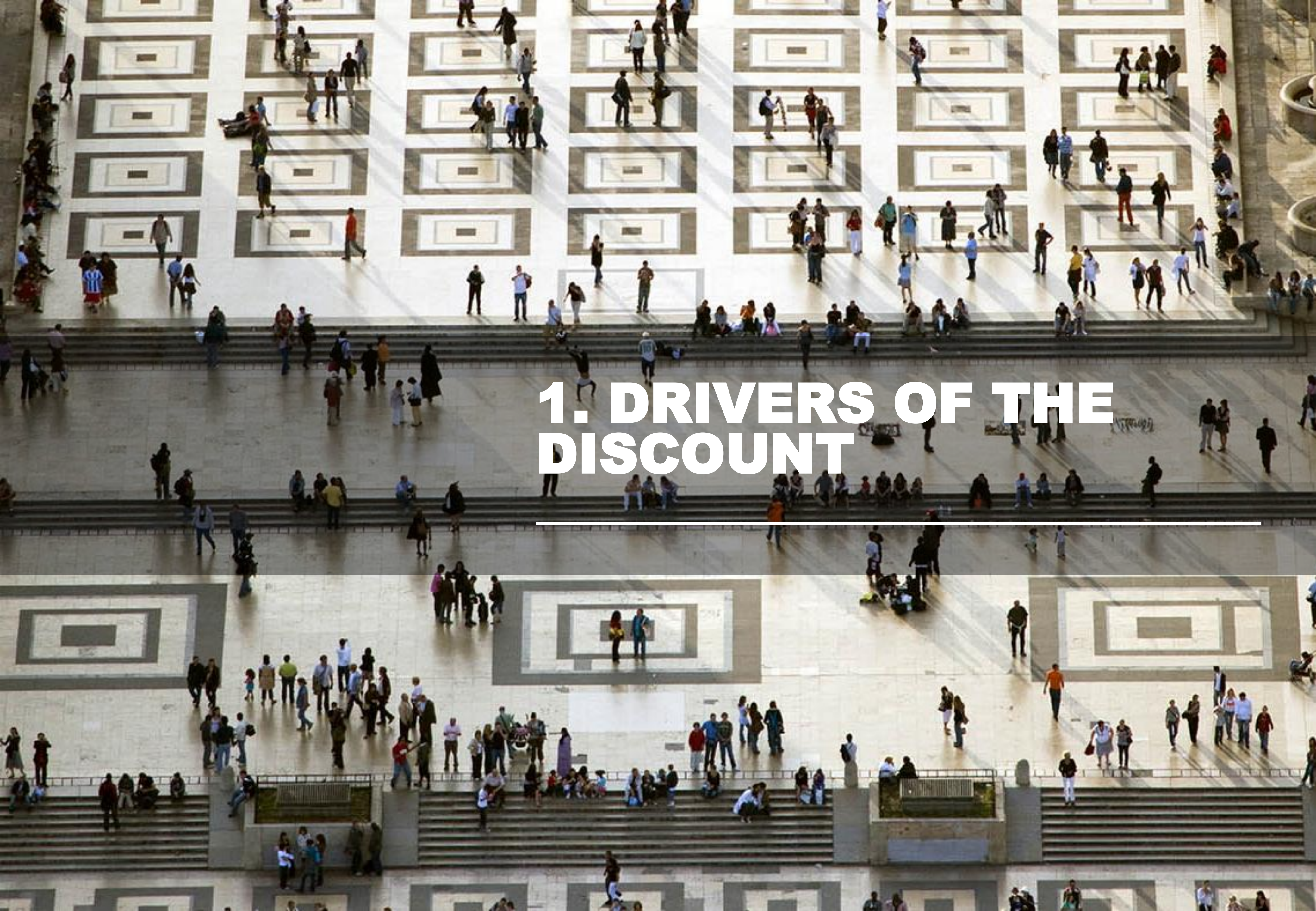
Overview of the Review

- The Strategic Review focused on two main alternatives:
  1) Continue to operate the Fund in a manner largely consistent with its present form, with some changes aimed at improving the Fund's operations (including potential changes to disclosure, governance and capital management); or
  2) Fundamental changes to the Fund's structure such as a potential de-listing or wind-up of the Fund.

Key Recommendations to Improve Performance

- After careful consideration of the interests of all unitholders, the RE has decided the Fund should continue in its present form. The Fund's original purpose to provide Australian investors with access to the China A-share market remains relevant, and the Fund provides one of the few ways for retail Australian investors to access this market. However, the RE did form the view that a number of enhancements to the Fund would be in the best interests of unitholders.
- The RE does not believe that it is in the best interests of unitholders to wind up or delist the Fund at this time. However, the RE will continue to monitor whether this remains the position in the future.
- The RE examined potential options to offer investors a one-off redemption facility to allow investors to redeem units at NAV less redemption costs. It also considered an on-market buyback program. Based on analysis of significant capital management activities undertaken by the comparable peers described in slide 6, the RE concluded that these capital management options would be unlikely to sustainably narrow the Fund's Discount over the long term to the benefit of all unitholders. The RE was also concerned that any capital management option involving a substantial redemption opportunity could reduce scale, trading liquidity and operational flexibility of the Fund, which would not be in the best interests of unitholders.
- Should the market structure and the competitive environment evolve making the Fund no longer fit-for-purpose, the RE is committed to exploring strategic options to unlock value for all unitholders.

1. DRIVERS OF THE DISCOUNT



DRIVERS OF THE DISCOUNT

STRUCTURAL FEATURES OF THE FUND WHICH LIKELY CONTRIBUTE TO THE DISCOUNT

> Overall, the Fund and other China focused funds (particularly those funds concentrated in China A-shares) face certain structural features which likely contribute to the trading discounts to NAV, including:

#1 The significant volatility within the China A-share market

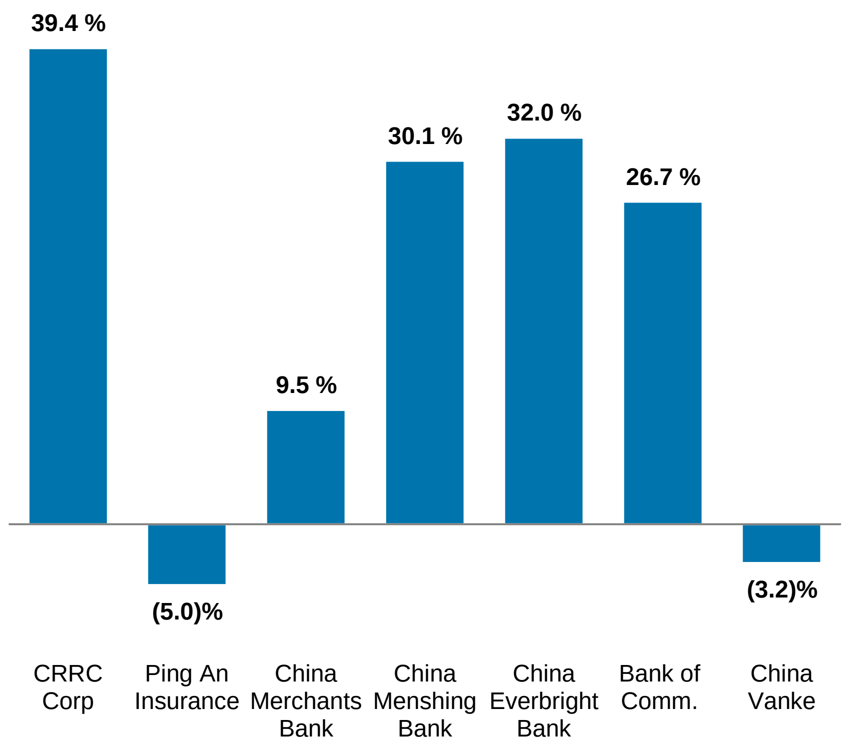
– Also noting more recently certain stocks, including some to which the Fund has exposure, were suspended from quotation in response to government regulation to decrease the market volatility

#2 Continued premium valuation of many China A-shares relative to their H-share listing

– Including China A-shares to which the Fund has exposure

#3 Timing and taxation issues regarding repatriation of capital experienced by the Fund and many of its peers

H-SHARE DISCOUNT (PREMIUM) VS. CHINA A-SHARE LISTING: THE FUND'S TOP CROSS-LISTED INVESTMENTS[1]



Source: Bloomberg data as at 11-Sep-15

[1] Displayed according to size of investment, largest to smallest.

2. BENCHMARKING ANALYSIS

DEFINING THE PEER SET & METHODOLOGY

#1

Listed China A-share Funds

> In establishing the peer set for comparison to the Fund we have considered funds based on the criteria:
- High exposure to the China A-share market
- Actively managed
- Closed-end[1]

> Consideration was also given to the listed funds set out in the letter from Metage Capital Limited (Metage) dated 11 May 2015

> However, many of the Metage identified comparable funds are not peers as they:
- Have minimal exposure to the China A-share market (some as low as 5%). Only 2 funds have over 29% exposure to the China A-share market
- Are not actively managed
- Are not closed-end funds

> There are no other funds outside the Metage list that are considered comparable

> As such, we have developed a peer set in the following categories (outlined further on p. 7)
- Tier 1: Those most comparable to the Fund: the HSBC China Dragon Fund (HK:0820) and Morgan Stanley China A-Share Fund (CAF). Both of these funds have ~95% exposure to the China A-share market
- Tier 2: A group of actively managed closed-end funds with some / modest exposure to the China A-share market (ranging from 5% to 29%)

> All of the other funds identified by Metage were found not to be comparable to the Fund (given they are open-ended and passively managed), and hence have been disregarded for peer benchmarking purposes (outlined further on p. 8)

#2

ASX Listed Investment Funds

> Metage also identified 26 other Australian listed investment funds for the purposes of comparing premia/discounts

> However, none of these funds are directly comparable to the Fund as they do not have a similar investment strategy or a significant China A-share exposure

[1] A closed-end fund in this context refers to a fund that raises a fixed amount of capital through an initial public offering and does not continuously issue or redeem shares on a day-to-day basis.

DEFINING THE PEER SET: TIER 1 AND TIER 2 PEERS

HSBC CHINA DRAGON FUND AND MORGAN STANLEY CHINA A-SHARE FUND ARE THE MOST COMPARABLE PEERS – TIER 1 PEERS

		China A-Share Exposure	Benchmarks	Listed	Mkt Cap ($USDm)	Actively Managed	Closed End	Current Discount
	AMP Capital China Growth Fund (AGF)	**97%**	S&P/CITIC 300	ASX	$ 330m	✓	✓	20.4%
Tier 1 Peers	HSBC China Dragon Fund (HK:0820)	**95%**	n/a	HK	$ 229m	✓	✓	22.5%
Tier 1 Peers	Morgan Stanley China A-Share Fund (CAF)	**95%**	MSCI China A Index China Blended Index	NYSE	$ 535m	✓	✓	29.0%
Tier 2 Peers	Templeton Dragon Fund (TDF)	**29%**	n/a	NYSE	$ 637m	✓	✓	14.3%
Tier 2 Peers	Aberdeen Greater China Fund (GCH)	**25%**	MSCI Golden Dragon Index	NYSE	$ 82m	✓	✓	14.2%
Tier 2 Peers	JP Morgan China Region Fund (JFC)	**20%**	80% MSCI Golden Dragon Index (Net) + 20% CSI 300 (Net)	NYSE	$ 95m	✓	✓	16.5%
Tier 2 Peers	Fidelity China Special Situations (FCSS)	**23%**	MSCI China Index Total Return	LSE	$ 998m	✓	✓	17.4%
Tier 2 Peers	The China Fund, Inc. (CHN)	**5%[1]**	MSCI Golden Dragon Index	NYSE	$ 254m	✓	✓	14.1%
Tier 2 Peers	JP Morgan Chinese Investment Trust (JMC)	**6%**	MSCI Golden Dragon Index	LSE	$ 172m	✓	✓	18.1%

Source: Bloomberg, Capital IQ and Company Filings. Discount and market cap data as at 11-Sep15, China A-Share exposure is latest reported; FCSS as at 31-Mar-15; CAF and TDF as at 30-Jun-15; HK:0820, GCH, JFC and CHN as at 31-Jul-15; AGF and JMC as at 31-Aug-15

[1] China A-Share exposure is through equity linked securities.

DEFINING THE PEER SET (CONT'D)

THE ETFS LISTED BY METAGE ARE NOT DIRECT PEERS GIVEN THEY ARE OPEN-ENDED AND PASSIVELY MANAGED

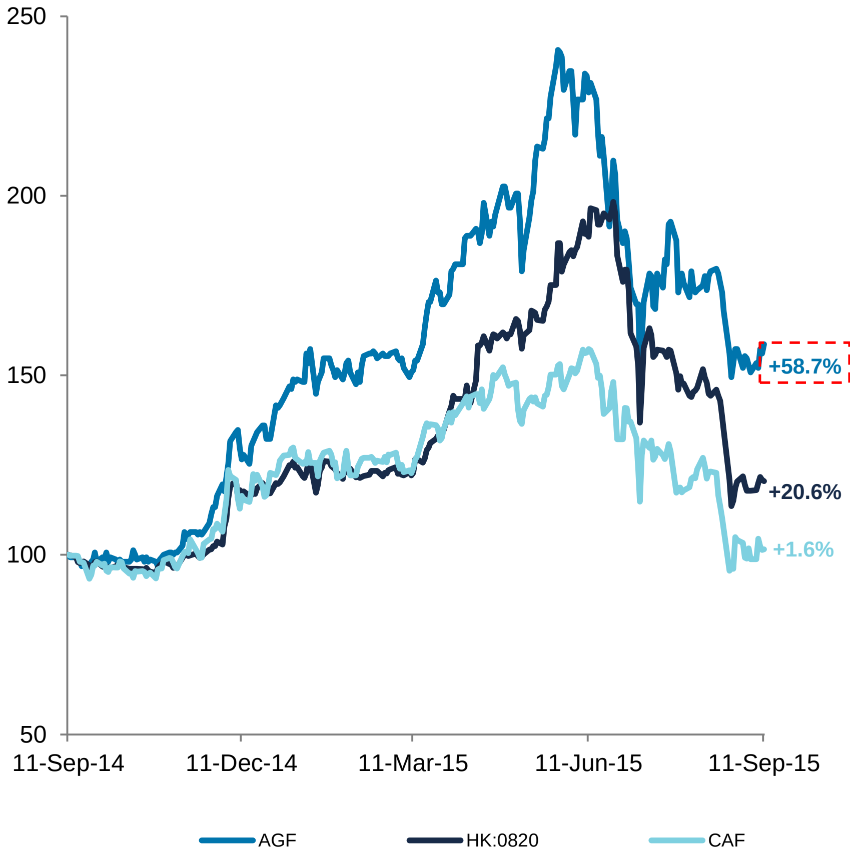
	China A-share Exposure[1]	Benchmark	Listed	Mkt Cap ($USDm)	Actively Managed	Closed End	Current Discount
iShares FTSE A50 Index ETF (2823)	**100%**	FTSE China A50 Index	HK	$ 4,649	×	×	10.4%
CSOP FTSE China A50 ETF (2822)	**100%**	FTSE China A50 Index	HK	$ 2,436	×	×	0.5%
China AMC CSI 300 IDX ETF (3188)	**100%**	CSI 300 Index	HK	$ 1,381	×	×	1.7%
DBX Harvest CSI 300 China A-Shares ETF (ASHR)	**100%**	CSI 300 Index	NYSE	$ 477	×	×	(0.5)%
DBX Harvest CSI 300 Index UCITS ETF (RQFI)	**100%**	CSI 300 Index	LSE	$ 235	×	×	0.4%
Market Vectors China AMC A-Share ETF (PEK)	**100%**	CSI 300 Index	NYSE	$ 69	×	×	(0.1)%

Source: Bloomberg, Capital IQ and Company Filings. Discount and market cap data as at 11-Sep15, China A-Share exposure is latest reported.
[1] Includes derivative instruments which provide exposure to the economic gain/loss of the performance of China A-shares or the underlying index. Excludes cash and cash equivalent holdings. Discount and market capitalisation as at 11-Sep-15.

FUND PERFORMANCE BENCHMARKING

THE FUND'S TOTAL UNITHOLDER RETURN HAS GENERALLY OUTPERFORMED ITS TIER 1 AND TIER 2 PEERS OVER BOTH THE SHORT AND LONG TERM[1]

LTM TOTAL UNITHOLDER RETURN[1] (REBASED TO 100)



TOTAL UNITHOLDER RETURN[1] (LOCAL CURRENCY)

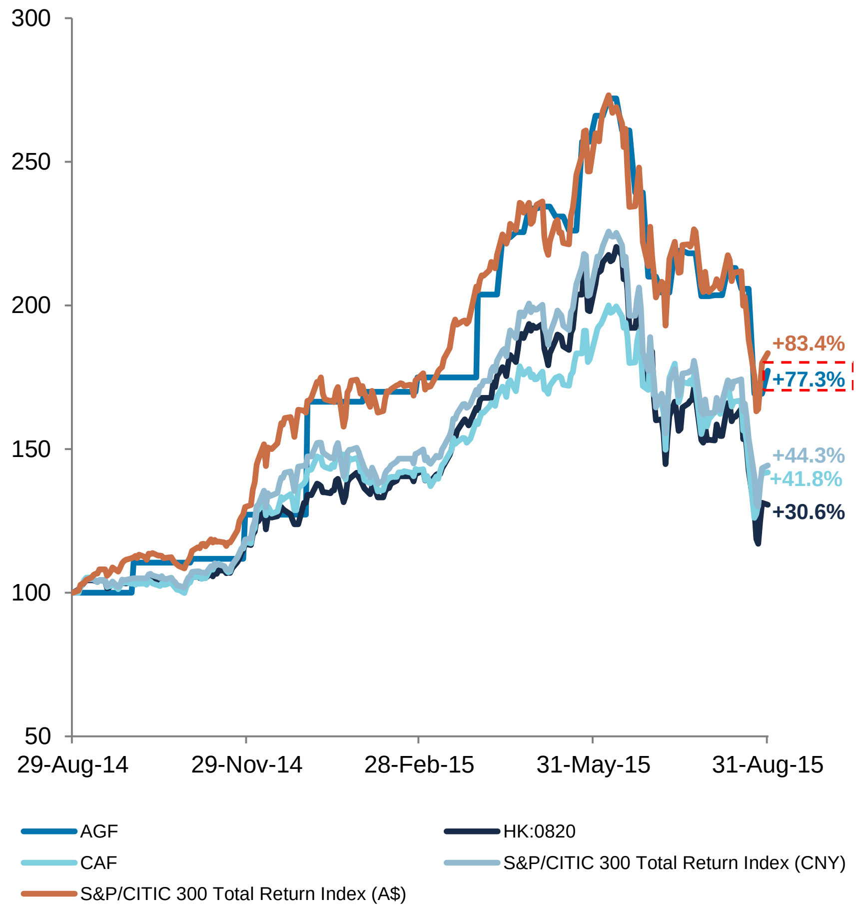
	3 Mo	LTM	2 Year	3 Year	5 Year	AGF IPO
AMP Capital China Growth Fund (AUD)	**(30.7)%**	**58.7 %**	**61.3 %**	**132.8 %**	**66.4 %**	**74.9 %**
Tier 1 Peers						
HSBC China Dragon Fund (HKD)	(36.1)%	20.6 %	33.5 %	34.0 %	10.0 %	NA
MS China A Share Fund (USD)	(35.4)%	1.6 %	11.9 %	37.8 %	11.7 %	90.0 %
Tier 2 Peers						
Templeton Dragon Fund (USD)	(23.8)%	(14.6)%	(3.3)%	5.5 %	14.3 %	58.0 %
Aberdeem Greater China Fund (USD)	(15.3)%	(17.0)%	(11.3)%	(4.3)%	(11.4)%	(12.2)%
JP Morgan China Region Fund (USD)	(26.9)%	(8.7)%	2.3 %	24.5 %	11.6 %	36.2 %
Fidelity China Special Situations (GBP)	(31.3)%	(4.5)%	22.3 %	66.6 %	12.9 %	NA
The China Fund, Inc. (USD)	(22.5)%	(12.2)%	3.2 %	19.6 %	4.8 %	85.2 %
JP Morgan Chinese Investment Trust (GBP)	(25.6)%	(14.1)%	(3.2)%	27.1 %	9.2 %	75.7 %
High	(15.3)%	58.7 %	61.3 %	132.8 %	66.4 %	90.0 %
Low	(36.1)%	(17.0)%	(11.3)%	(4.3)%	(11.4)%	(12.2)%

Source: Bloomberg data as at 11-Sep-15
Note: AGF IPO date 21-Dec-06. All returns measured in local currencies. Returns are not annualised.
[1] As measured on a total unitholder return basis (assuming distributions are reinvested) in the relevant local currency of each individual peer.

FUND PERFORMANCE BENCHMARKING (CONT.)

THE FUND'S NAV HAS OUTPERFORMED ITS TIER 1 AND TIER 2 PEERS OVER BOTH THE SHORT AND LONG TERM[1]. ALTHOUGH THE FUND GENERALLY HAS NOT OUTPERFORMED ITS BENCHMARK INDEX SINCE INCEPTION

LTM TOTAL NAV RETURN[1] (REBASED TO 100)



TOTAL NAV RETURN[1] (LOCAL CURRENCY)

	3 Mo	LTM	2 Year	3 Year	5 Year	AGF Incep.
AMP Capital China Growth Fund (AUD)	**(29.8)%**	**77.3 %**	**64.5 %**	**126.1 %**	**75.1 %**	**128.9 %**
Tier 1 Peers						
HSBC China Dragon Fund (HKD)	(34.0)%	30.6 %	28.6 %	52.0 %	24.3 %	NA
MS China A Share Fund (USD)	(21.8)%	41.8 %	58.8 %	88.1 %	52.2 %	136.9 %
Tier 2 Peers						
Templeton Dragon Fund (USD)	(25.7)%	(10.8)%	0.9 %	6.3 %	17.9 %	61.6 %
Aberdeem Greater China Fund (USD)	(16.2)%	(13.3)%	(4.9)%	3.0 %	(4.1)%	18.7 %
JP Morgan China Region Fund (USD)	(25.7)%	(1.7)%	13.0 %	33.8 %	24.8 %	46.6 %
Fidelity China Special Situations (GBP)	(28.5)%	12.1 %	44.5 %	97.8 %	53.8 %	NA
The China Fund, Inc. (USD)	(25.9)%	(9.8)%	7.3 %	24.1 %	12.4 %	83.5 %
JP Morgan Chinese Investment Trust (GBP)	(25.0)%	(3.6)%	9.4 %	36.1 %	30.5 %	99.5 %
High	(16.2)%	77.3 %	64.5 %	126.1 %	75.1 %	136.9 %
Low	(34.0)%	(13.3)%	(4.9)%	3.0 %	(4.1)%	18.7 %
S&P/CITIC 300 Total Return Index (CNY)	(29.1)%	44.3 %	51.7 %	65.8 %	29.4 %	81.6 %
S&P/CITIC 300 Total Return Index (A$)	(25.6)%	83.4 %	83.0 %	140.6 %	73.4 %	143.6 %

Source: Bloomberg data as at 31-Aug-15; S&P/CITIC Total Return Index (CNY) converted to AUD using AMP Capital foreign exchange rate.
Note: AGF inception date 10-Jan-07. All returns measured in local currencies. Returns are not annualised.
[1]As measured on a NAV total unitholder return basis (assuming distributions are reinvested) in the relevant local currency of each individual peer.

FUND PERFORMANCE BENCHMARKING (CONT.)

WHEN CONSIDERED ON AN AUD BASIS, THE FUND'S TOTAL UNITHOLDER RETURN HAS GENERALLY OUTPERFORMED ITS TIER 1 AND TIER 2 PEERS OVER BOTH THE SHORT AND LONG TERM[1]. HOWEVER, NAV PERFORMANCE HAS GENERALLY TRAILED PEERS AND THE BENCHMARK[2]

TOTAL UNITHOLDER RETURN[1] (AUD)

	3 Mo	LTM	2 Year	3 Year	5 Year	AGF IPO
AMP China Growth Fund	**(30.7)%**	**58.7 %**	**61.3 %**	**132.8 %**	**66.4 %**	**74.9 %**
Tier 1 Peers						
HSBC China Dragon Fund	(30.3)%	55.0 %	75.6 %	97.6 %	44.0 %	NA
MS China A Share Fund	(29.6)%	30.6 %	47.1 %	103.1 %	45.8 %	110.3 %
Tier 1 Peers - Median	**(29.9)%**	**42.8 %**	**61.4 %**	**100.3 %**	**44.9 %**	**110.3 %**
Tier 2 Peers						
Templeton Dragon Fund	(16.9)%	9.8 %	27.1 %	55.5 %	49.2 %	74.8 %
Aberdeem Greater China Fund	(7.6)%	6.7 %	16.6 %	41.0 %	15.7 %	(2.8)%
JP Morgan China Region Fund	(20.3)%	17.4 %	34.5 %	83.5 %	45.7 %	50.7 %
Fidelity China Special Situations	(25.4)%	16.7 %	56.9 %	135.7 %	48.1 %	NA
The China Fund, Inc.	(15.5)%	13.0 %	35.7 %	76.2 %	36.8 %	104.9 %
JP Morgan Chinese Investment Trust	(19.2)%	5.0 %	24.2 %	79.9 %	43.1 %	53.0 %
Tier 2 Peers - Median	**(18.0)%**	**11.4 %**	**30.8 %**	**78.1 %**	**44.4 %**	**53.0 %**
Median	(20.3)%	16.7 %	35.7 %	83.5 %	45.7 %	74.8 %
Average	(21.7)%	23.7 %	42.1 %	89.5 %	43.9 %	66.5 %
High	(7.6)%	58.7 %	75.6 %	135.7 %	66.4 %	110.3 %
Low	(30.7)%	5.0 %	16.6 %	41.0 %	15.7 %	(2.8)%

TOTAL NAV RETURN[2] (AUD)

	3 Mo	LTM	2 Year	3 Year	5 Year	AGF Incep.
AMP China Growth Fund	**(29.8)%**	**77.3 %**	**64.5 %**	**126.1 %**	**75.1 %**	**128.9 %**
Tier 1 Peers						
HSBC China Dragon Fund	(29.0)%	71.3 %	61.0 %	120.6 %	56.0 %	NA
MS China A Share Fund	(15.9)%	86.0 %	98.6 %	172.8 %	90.2 %	158.5 %
Tier 1 Peers - Median	**(22.5)%**	**78.7 %**	**79.8 %**	**146.7 %**	**73.1 %**	**158.5 %**
Tier 2 Peers						
Templeton Dragon Fund	(20.2)%	17.0 %	26.2 %	54.3 %	47.4 %	76.5 %
Aberdeem Greater China Fund	(10.0)%	13.7 %	18.9 %	49.3 %	19.8 %	30.1 %
JP Morgan China Region Fund	(20.2)%	28.9 %	41.3 %	94.1 %	56.0 %	60.6 %
Fidelity China Special Situations	(23.0)%	35.7 %	78.7 %	176.8 %	91.8 %	NA
The China Fund, Inc.	(20.3)%	18.4 %	34.1 %	80.0 %	40.5 %	100.3 %
JP Morgan Chinese Investment Trust	(19.0)%	17.0 %	35.7 %	90.9 %	63.2 %	72.9 %
Tier 2 Peers - Median	**(20.2)%**	**17.7 %**	**34.9 %**	**85.5 %**	**51.7 %**	**72.9 %**
Median	(20.2)%	28.9 %	41.3 %	94.1 %	56.0 %	76.5 %
Average	(20.8)%	40.6 %	51.0 %	107.2 %	60.0 %	89.7 %
High	(10.0)%	86.0 %	98.6 %	176.8 %	91.8 %	158.5 %
Low	(29.8)%	13.7 %	18.9 %	49.3 %	19.8 %	30.1 %
S&P/CITIC 300 Total Return Index (CNY)	(29.1)%	44.3 %	51.7 %	65.8 %	29.4 %	81.6 %
S&P/CITIC 300 Total Return Index (A$)	(25.6)%	83.4 %	83.0 %	140.6 %	73.4 %	143.6 %

Source: Bloomberg data as at 31-Aug-15 for NAV and 11-Sep-15 for unitholder return

Note: All returns in Australian dollars except otherwise noted. Returns are not annualised. AGF IPO date 21-Dec-06. AGF inception date 10-Jan-07.

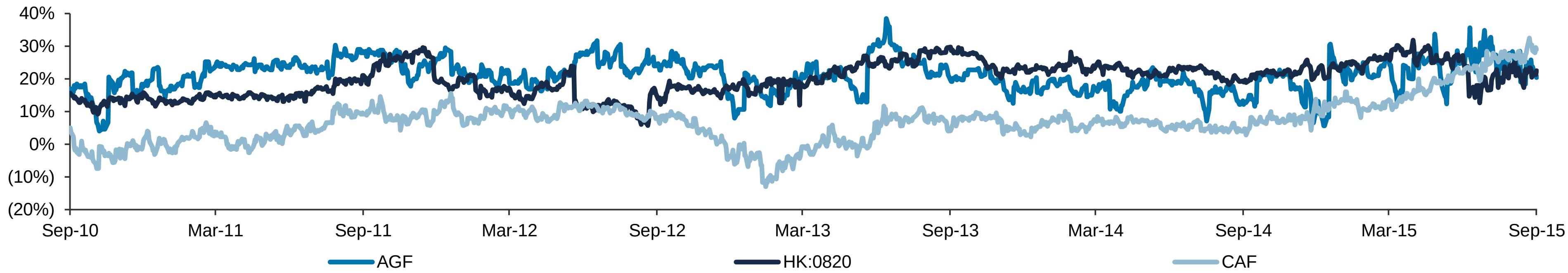
[1] As measured on a total unitholder return basis (assuming distributions are reinvested)

[2] As measured on a NAV total unitholder return basis (assuming distributions are reinvested)

DISCOUNT HISTORY VS. PEERS

THE FUND’S CURRENT DISCOUNT IS IN-LINE WITH ITS AVERAGE SINCE IPO AND CURRENTLY LOWER THAN ITS TIER 1 PEERS

DISCOUNT TO NAV (THE FUND AND TIER 1 PEERS)



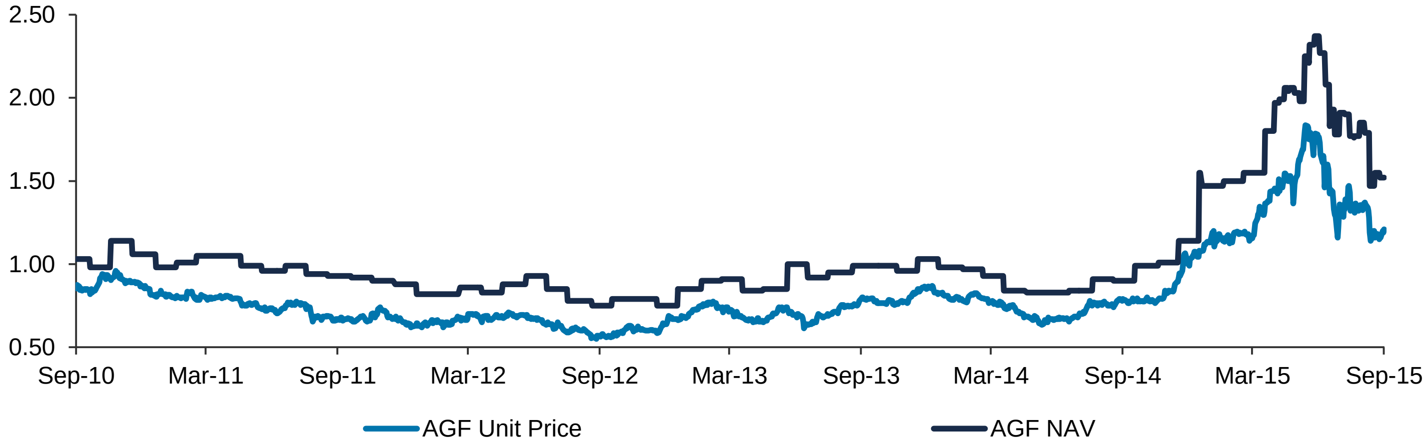
	Current	3M Avg.	6M Avg.	LTM Avg.	2 Yr Avg.	3 Yr Avg.	5 Yr Avg.	AGF IPO
AMP Capital China Growth Fund (AGF)	**20.4 %**	**25.7 %**	**24.1 %**	**21.5 %**	**19.6 %**	**20.3 %**	**21.1 %**	**19.6 %**
Tier 1 Peers								
HSBC China Dragon Fund (HK:0820)	22.5 %	20.3 %	23.8 %	23.4 %	23.3 %	22.5 %	20.0 %	NA
MS China A Share Fund (CAF)	29.0	25.8	21.4	15.6	10.9	7.9	7.1	6.2
Tier 1 Peers - Avg.	**25.8 %**	**23.1 %**	**22.6 %**	**19.5 %**	**17.1 %**	**15.2 %**	**13.5 %**	**6.2 %**
Tier 2 Peers								
Templeton Dragon Fund (TDF)	14.3 %	15.2 %	14.0 %	12.1 %	11.6 %	11.5 %	10.7 %	10.7 %
Aberdeen Greater China Fund (GCH)	14.2	15.7	14.0	12.6	12.0	10.7	10.5	9.5
JP Morgan China Region Fund (JFC)	16.5	16.4	15.0	13.6	12.7	12.2	11.9	11.4
Fidelity China Special Situations (FCSS)	17.4	16.2	15.0	13.3	11.5	9.5	5.6	NA
The China Fund, Inc. (CHN)	14.1	14.6	13.6	12.2	11.7	11.1	10.2	10.2
JP Morgan China Investment Trust (JMC)	18.1	15.5	13.8	12.4	11.7	11.7	9.4	7.4
Tier 2 Peers - Avg.	**15.8 %**	**15.6 %**	**14.2 %**	**12.7 %**	**11.9 %**	**11.1 %**	**9.7 %**	**9.9 %**
High	**29.0 %**	**25.8 %**	**23.8 %**	**23.4 %**	**23.3 %**	**22.5 %**	**20.0 %**	**11.4 %**
Low	**14.1 %**	**14.6 %**	**13.6 %**	**12.1 %**	**10.9 %**	**7.9 %**	**5.6 %**	**6.2 %**
Median	**17.0 %**	**16.0 %**	**14.5 %**	**12.9 %**	**11.7 %**	**11.3 %**	**10.3 %**	**9.8 %**

Source: Bloomberg data as at 11-Sep-15
Note: AGF IPO date 21-Dec-06. The discount is calculated using the daily reported unit price compared to the last reported NAV disclosed.

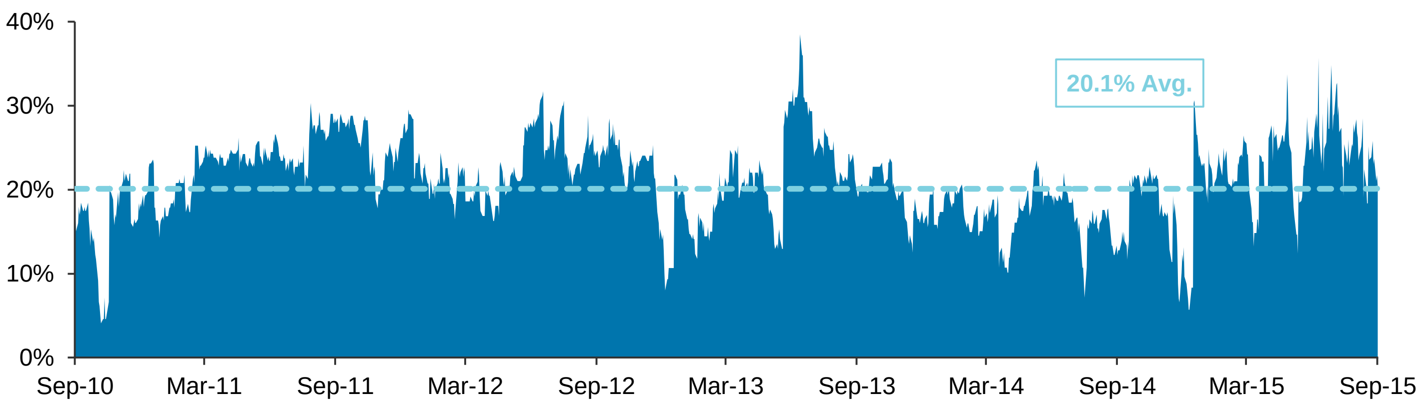
THE FUND'S DISCOUNT HISTORY

THE FUND'S DISCOUNT IS IN-LINE WITH ITS LONGER TERM AVERAGE

UNIT PRICE VS. NET ASSET VALUE (A$)



DISCOUNT TO NAV



AVERAGE DISCOUNTS

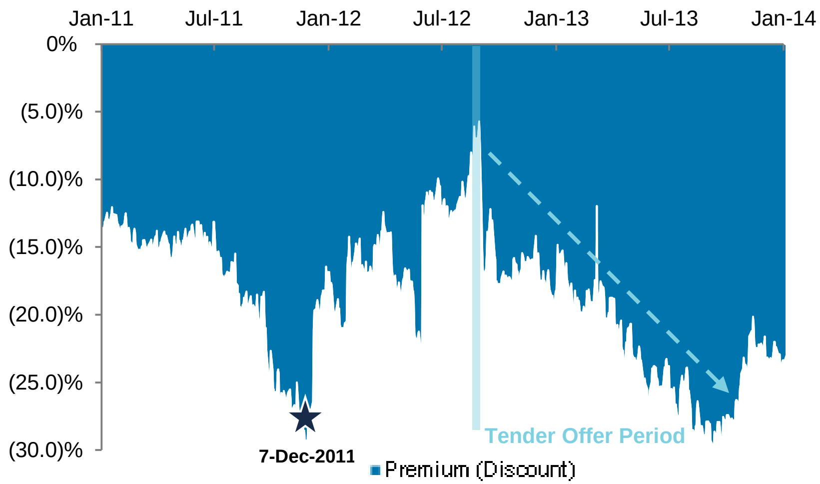
Current	20.4%
3M Avg.	25.7%
6M Avg.	24.1%
LTM Avg.	21.5%
2 Year Avg.	19.6%
3 Year Avg.	20.3%
5 Year Avg.	21.1%
AGF IPO	19.6%
5-Year High	**38.5 %**
5-Year Low	**4.1 %**

Source: Bloomberg data as at 11-Sep-15
Note: AGF IPO date 21-Dec-06.

3 CASE STUDIES OF CAPITAL MANAGEMENT

CASE STUDY: HSBC CHINA DRAGON FUND (HK:0820)

OVERVIEW OF HISTORICAL CAPITAL ACTIONS



> On 7 December 2011, HK:0820 announced the potential restructuring of the fund to the market

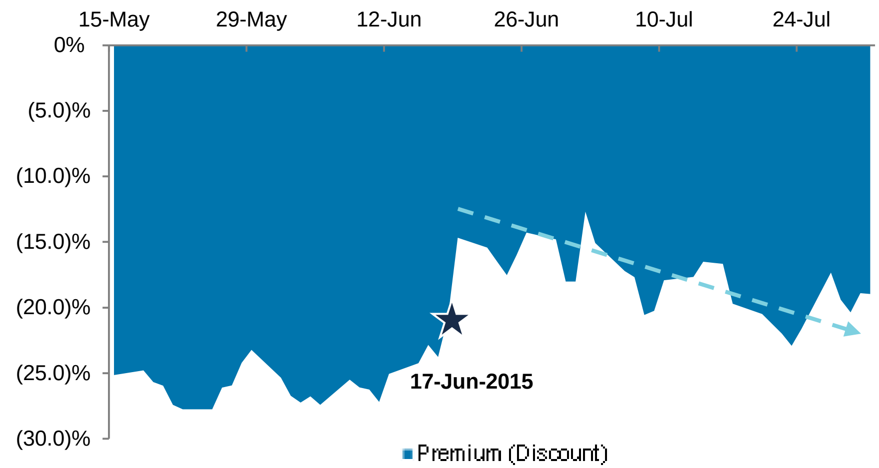
> The restructuring included:

- The change in investment mandate to focus on China A-shares
- One-off tender offer (i.e. redemption offer) for 40% shares in HK:0820 at price of 99.9% of NAV completed 6 September 2012

> The restructuring was investor led

> Despite the discount narrowing in the lead-up to the tender offer, the discount returned to pre-redemption discount levels over the following 12 month period

RECENTLY ANNOUNCED POTENTIAL CAPITAL ACTIONS (2015)



> On 17 June 2015, the board of the fund announced that it was considering several possible changes including:

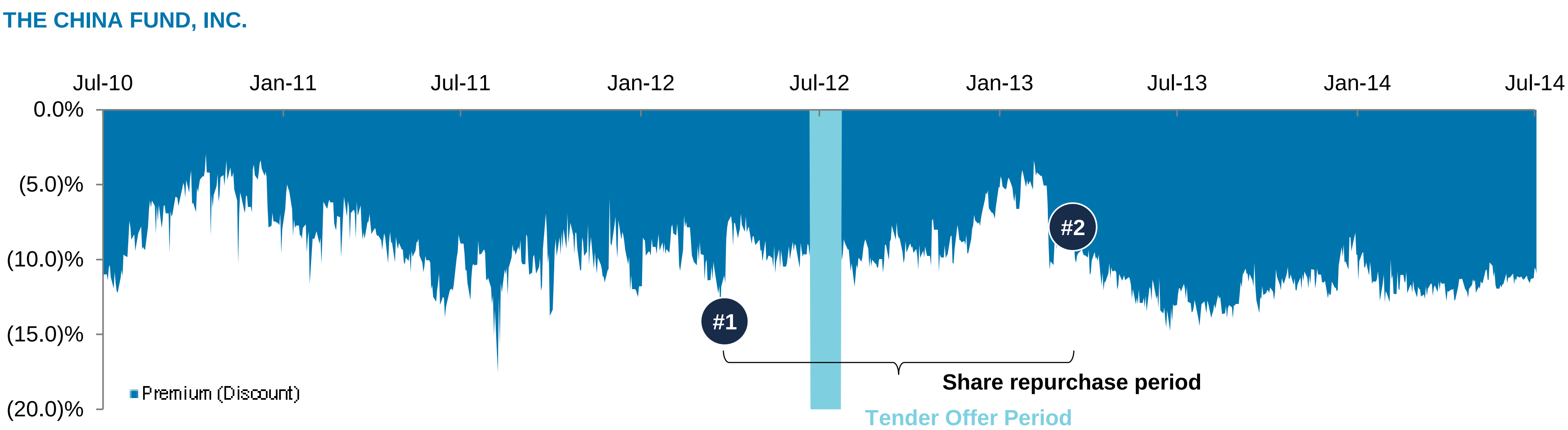
- Allowing up to 30% of NAV to be held in China A-shares acquired through the Hong Kong- Shanghai Stock Connect
- Conducting a possible one-time redemption offer for an amount equal to a maximum of 20% of NAV
- Introduce a possible annual redemption offer

> However, timing of the actions is uncertain and subject to repatriation restrictions and regulations, as well as tax considerations

- The discount has returned over the past two months

Source: Bloomberg, company filings, media releases / information

CASE STUDY: THE CHINA FUND, INC. (CHN)



#1 On 28 March 2012, the Directors of CHN approve a discount management policy and one-time tender offer (i.e. a redemption) involving:

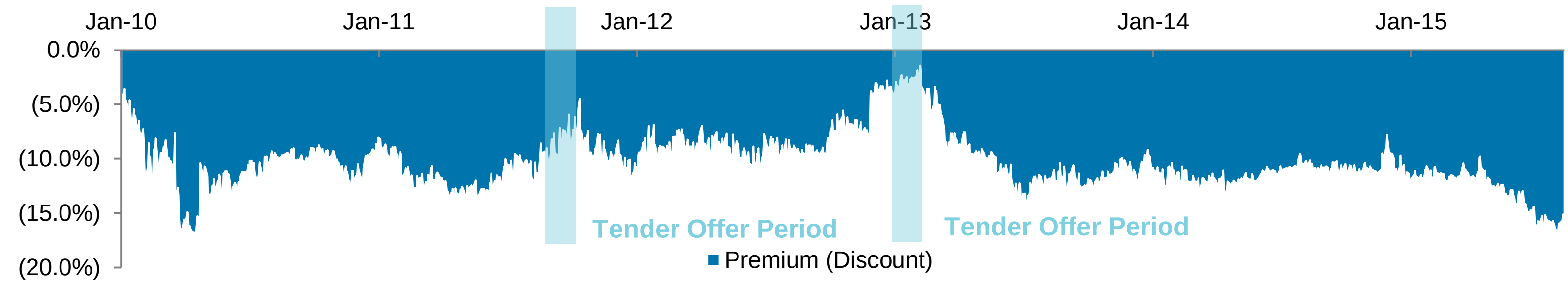
- Discount Management Policy: CHN repurchasing its shares in the open market when shares traded on that market at a discount >8% from NAV the prior day and where there was a daily average discount of >8% of NAV over the 5 day period ending on the prior day (repurchase limit of 10% of shares outstanding every 12 months)
  - The Discount Management Policy reached its share repurchase limit on 20 September. Management noted in its 2012 Annual Report that "there was no clearly discernible pattern to the movement of the discount during the repurchase period"
- Tender Offer: A tender offer to repurchase up to 25% of its outstanding shares at 99% of net asset value (completed in July)

#2 On March 14, 2013, the Board voted to discontinue the operation of the fund's Discount Management Program (described above). Management noted that:

- "After careful consideration…it was decided that the program would be discontinued as it was not shown to be of any clear benefit to stockholders"

Source: Bloomberg, company filings, media releases / information

CASE STUDY: GREATER CHINA FUND (GCH)



CHRONOLOGY

1 **09-Feb-2010:** Notification: City of London Investment Group Plc ("CLI") discloses 5.7% stake in GCH

2 **12-Mar-2010:** GCH announces rights offering

3 **19-Apr-2010:** GCH closes $84m rights offering at a 18% discount to NAV

4 **09-Jun-2010:** Notification: CLI discloses 10.2% stake in GCH

5 **09-Aug-2010:** Notification: CLI discloses 17.% stake in GCH

6 **10-Oct-2010:** Notification: CLI discloses 23.8% stake in GCH

7 **01-Dec-2010:** CLI publishes public letter criticising the dilutive rights offering which has contributed to oversupply and increased GCH's discount

8 **09-Feb-2011:** Notification: CLI discloses 29.7% stake in GCH

9 **23-Feb-2011:** CLI publishes public letter disclosing that it advised against the rights offering after seeing the offer document. Demands substantial return of capital at NAV at least as large at the Apr-10 rights offering or threaten to terminate the IMA with Baring Asset Management (Asia) Ltd ("Baring") at next AGM

10 **25-May-2011:** GCH discloses two consecutive tender offers for up to 5% of shares on issue at a price of 98% of NAV over two measurement periods (contingent on a >10% discount during the measurement period). Also announced 5% on-market stock repurchase program.

11 **3-Jun-2011:** CLI publishes a letter that is sent to board on 03-Jun-11. The letter states that in CLI's view the announced tender offer and share repurchase do not adequately address the discount. It also reiterates potential to terminate IMA

12 **16-Sep-2011:** GCH announces tender offer for up to 20% of outstanding shares expiring on 14-Oct-11

13 **10-Oct-2011:** CLI discloses that it will not participate in the tender and discloses that it has learned of an unsuccessful attempt to merge with CGH with the JF China Region Fund ("JFC"). JFC later discloses that CLI is its largest shareholder and acknowledges the merger proposal

14 **20-Oct-2011:** 6.1m shares in CGH (~20% of total shares) are tendered under the offer announced on 16-Sep-11

15 **24-Apr-2012:** Annual proxy letter contains a CLI proposal to terminate the IMA at the AGM

16 **15-Jun-2012:** Institutional Shareholder Services "ISS" recommends shareholders reject CLI's proposal to terminate the IMA

17 **29-Jun-2012:** Shareholders vote to terminate the Baring IMA at the AGM

18 **02-Aug-2012:** JFC announces a further merger proposal

19 **28-Sep-2012:** GCH discloses that it has selected Aberdeen as the new investment manager and calls a Special Meeting on 01-Nov-12 to have Aberdeen's appointment approved

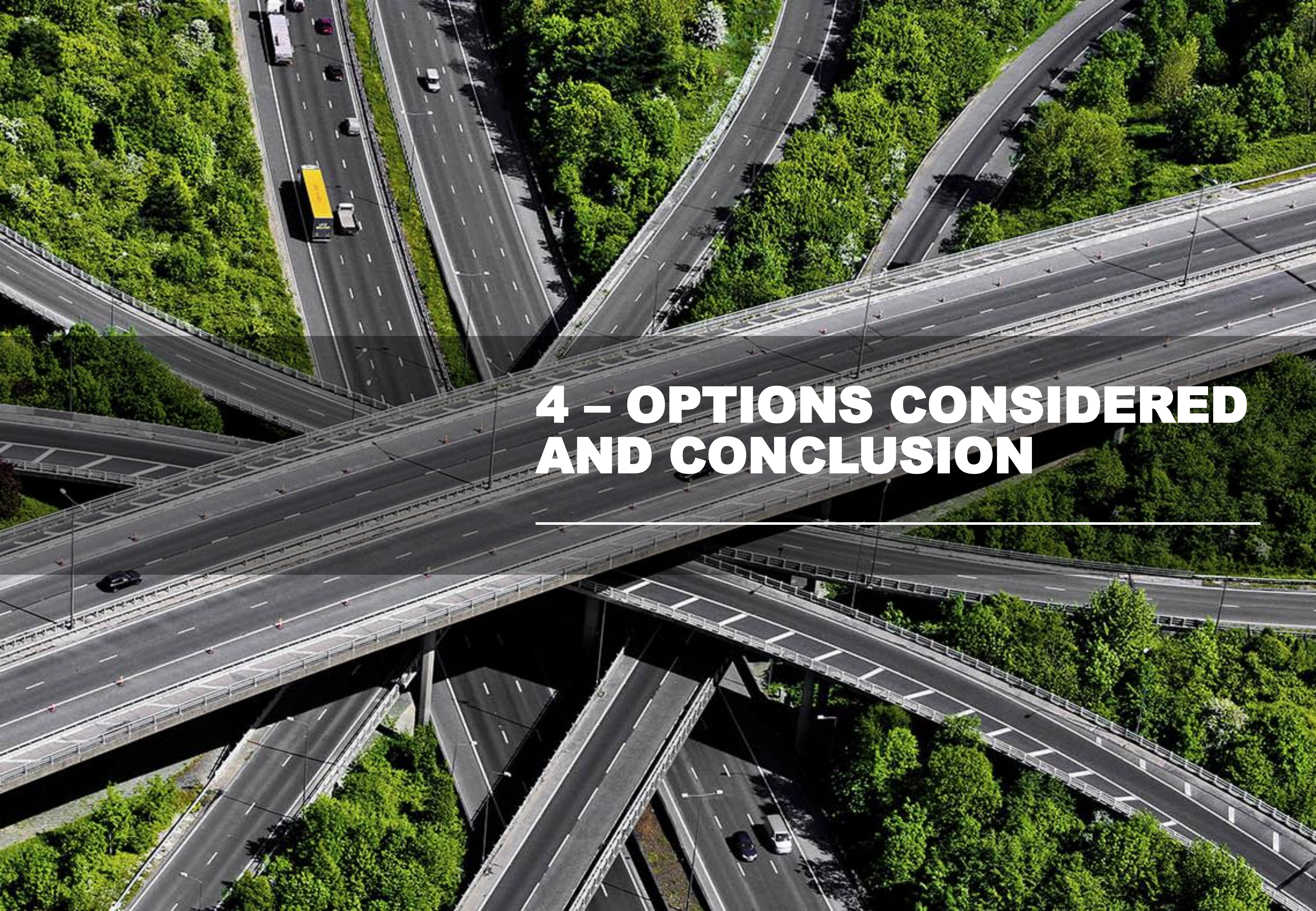
20 **26-Oct-2012:** GCH and Aberdeen reject JFC's merger proposal which was revised on 23-Oct-12. Special Meeting is postponed.

21 **29-Oct-2012:** CLI discloses that it will not approve appointment of Aberdeen or support the continued appointment of any current Board members. CLI recommends the Board allow for a vote on the merger with JFC or liquidation

22 **08-Jan-2013:** GCH announces a tender offer at 99% of NAV, CLI agrees to tender all their shares and a one year standstill. The tender offer involved a condition that if >75% of shares are tendered the fund will be liquidated

23 **07-Feb-2013:** As the tender offer concludes with 66% of shares repurchased, CGH is not liquidated and continues trading.

Source: Bloomberg, company filings, media releases / information



4 – OPTIONS CONSIDERED AND CONCLUSION

OPTIONS CONSIDERED BY THE RE

A RANGE OF OPTIONS WERE CONSIDERED AS PART OF THE STRATEGIC REVIEW

	Description	Advantages	Considerations
Changes to the Fund (whilst retaining current structure)	> Implement Shanghai-Hong Kong Stock Connect trading platform > Alter the default DRP election to opt-in for new investors > Improve the marketing of the Fund > Enhance the Fund's governance with the implementation of an AC > Enhance the Fund's disclosure	> Increased transparency for the benefit of all unitholders > AC brings independent point of view to RE decision making through its consultative role > Shanghai-Hong Kong Stock Connect should provide greater liquidity to repatriate and/or reinvest capital > DRP opt-in might improve liquidity	> While these measures may increase demand, which could assist in narrowing the Discount, the exact extent is uncertain > Some incremental costs may be incurred by the RE and the Fund to implement and maintain the measures
Capital Management	> One-off capital management; or > On-going capital management program	> Allows participating unitholders to realise the difference between the traded price and the NAV (less costs)	> Benefit only flows to participating selling unitholders > Capital actions by peers have not sustainably reduced the Discount over the long term > Potential reduction in Fund size could impact on the liquidity in trading in the Fund's units > Ongoing capital management actions have the potential to result in an eventual wind-up of the Fund
De-list the Fund	> De-list the Fund to operate the Fund without access to on-market trading > To the extent possible, offer unitholders the option to cash out (at NAV less costs) or remain in the unlisted fund	> Gives an opportunity to exit the Fund at NAV (less costs) for those unitholders who no longer wish to invest in the de-listed fund > In comparison to a wind-up, it has the benefit of continuing to provide investors with exposure to the China A-share market	> The de-listed fund may need to be closed-end which would significantly limit liquidity > Depending on how many investors remain in the Fund (or any successor) once delisted, the Fund could be sub-scale > Could result in an eventual wind-up of the Fund > Potential friction costs in connection with the cash out option, particularly given recent increased volatility in the market and outstanding tax repatriation issues > Ability for unitholders to access the cash out option may be limited
Wind-up the Fund	> Wind up the Fund at NAV (less costs) and return funds to unitholders > The Fund would cease to exist post the wind-up	> Unitholders receive NAV (less costs) > Pro rata return to all unitholders	> Removes the current opportunity for Australian investors to access actively managed A$ exposure to the China A-share market (the Fund's core purpose) > Potential friction costs particularly given recent increased volatility in the market and outstanding tax repatriation issues > The timing of any orderly wind-up would be uncertain

RECOMMENDED CHANGES TO THE FUND

The RE considered a range of options as part of the review and at the conclusion the RE has decided to make the following changes:

Operational Enhancements

- **Implement Shanghai-Hong Kong Stock Connect trading platform**
- **Alter the default DRP election to allow new investors to opt-in, rather than requiring them to opt-out[1]**
- **Improve marketing of the Fund, including the appointment of a dedicated Head of Investor Relations**

Governance and Disclosure Enhancements

- **Establishment of an ongoing Advisory Committee (AC) composed of external members[2]**
- **Enhance the Fund's disclosure by providing daily NAV estimates and clarifying components of the Fund's fees**

The RE believes these changes should benefit existing unitholders and may make the Fund more attractive to new investors. This may increase demand, which could assist in narrowing the Discount.

[1] Existing investors will continue to have the opportunity to vary or cease participation in the DRP.
[2] External for the purposes of section 601JB of the Corporations Act.

IMPORTANT NOTE