

ASX Announcement

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Manager
ASX Market Announcements
Australian Securities Exchange
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SYDNEY NSW 2000

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AMP Capital China Growth Fund (ASX: AGF) – Detail regarding Potential Enhancements to the Fund

AMP Capital Funds Management Limited (AFSL 426455), the responsible entity (“RE”) of the AMP Capital China Growth Fund (the “Fund”) advises further detail regarding enhancements identified as a result of the 2016 Strategic Review and, in relation to which, the RE will be seeking unitholders’ endorsement at an Extraordinary General Meeting to be held in July 2016 (“July EGM”). Specifically, the RE is seeking to provide further detail relating to enhancements 2 and 7 outlined within the 20 May 2016, announcement (“the Announcement”).

For ease of reference, all eight enhancements outlined within the Announcement, are set out on page two.

Enhancement 2: Reduce the Fund’s base management fees, with no change to ongoing recoverable expenses: The RE will reduce the Fund’s base management fee to 1.35%¹ from 1.65% per annum.² This will involve a fee waiver.

Enhancement 7 - Implementation of a one-off capital management opportunity: Subject to regulatory requirements, the RE will implement a one-off capital management opportunity comprising the following:

- (a) a one-off redemption of up to 15% of units on issue. It is intended that withdrawal proceeds payable in respect of redemptions will be calculated by reference to the NAV and will be net of the costs of any redemption. Redemption costs will be borne by the unitholders who participate in this withdrawal opportunity. The RE will announce the withdrawal price once it has been determined; and
- (b) an on-market buy-back of up to 5% of units on issue over a 12 month period conducted in accordance with the Fund’s constitution, the ASX Listing Rules, the Corporations Act and applicable ASIC relief.³

The Fund will also continue to consider further capital management opportunities for unitholders as part of the next annual fit for purpose review.

¹ Inclusive of GST, less any input tax credits

² This is separate from and excludes recoverable expenses

³ The effect of the ASX Listing Rules and the Corporations Act is that the price for the on-market buy-back must be based on a 5 day VWAP with a no more than a 5% premium.

The RE intends to seek unitholders' endorsement of the full package of enhancements at the July EGM. Additional details regarding the implementation of these enhancements and their effects will be detailed in the Notice of Meeting and accompanying Explanatory Memorandum to be released at the end of June 2016.

As previously stated, if unitholders' do not endorse the full suite of enhancements at the EGM, the RE will need to give further consideration to whether any of the enhancements should be pursued.⁴

1. Increase the flexibility of the Fund's investment mandate to further improve its investment return generation potential.
2. Reduce the Fund's base management fees.
3. Remove the Fund's current performance fee entirely via a fee waiver.
4. Provide unitholders with the option to receive 100 per cent of their annual distribution in cash through an adjustment to the existing dividend reinvestment plan rules.
5. Offer unitholders holding less than \$500 worth of units (less than a marketable parcel) a brokerage-free option to exit their holdings, which is expected to also improve the cost and operational efficiency of the Fund.
6. Maintain the increased investment in marketing announced as part the 2015 Strategic Review and increase communications with current and prospective unitholders of the Fund.
7. Subject to regulatory requirements, consider the implementation of a one-off capital management opportunity which may involve an off-market redemption and/or an on-market buy-back opportunity.
8. Consider capital management opportunities for unitholders as part of the annual fit for purpose review.

Next steps

Unitholders should refer to the Notice of Meeting and accompanying Explanatory Memorandum when it is released at the end of June 2016.

In addition to a detailed overview of the proposed enhancements and change to management arrangements, the Explanatory Memorandum will provide instructions on how to vote on any enhancement proposals put to unitholders as well as location details of the July EGM for those unitholders wishing to attend in person.

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⁴ A number of the enhancements are able to be implemented without unitholder approval.