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**AMP Limited (ASX/NZX: AMP)**

Announcement No: 31/09

**(also for release to AMP Group Finance Services Limited (ASX: AQNHA))**

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## **AMP Financial Services reports first quarter 2009 cashflows**

AMP Limited today reported AMP Financial Services cashflows and Assets Under Management (AUM) for AUM-driven businesses for the first three months to 31 March 2009.

Total AMP Financial Services net cashflows for the March quarter increased by \$81 million to \$210 million compared to \$129 million in the corresponding period, reflecting solid cashflows from employer contributions which increased nine per cent.

AMP Financial Services Managing Director Craig Meller said that while subdued investor confidence continued to impact discretionary contributions, cashflows from employer contributions remained resilient.

“Despite the challenging environment, AMP continued to develop and diversify its cashflow. Corporate superannuation recorded a \$28 million mandate win, a new external platform product called Definitive Wrap contributed \$35 million, and contemporary wealth protection net cashflows increased 27 per cent to \$117 million during the quarter.”

Net cashflows were positively impacted by a 23 per cent improvement in outflows to \$2,317 million compared to the corresponding period, largely due to fewer retirement age members withdrawing balances and falling markets.

Overall persistency for AMP Financial Services remained steady at 90.7 per cent, compared to 90.8 per cent in the corresponding period.

The attached tables contain cashflows for the period ending 31 March 2009.

### **Retail superannuation and allocated pensions/ annuities**

Net cashflows for AMP Financial Services retail superannuation and allocated pensions/annuities were \$115 million, down 56 per cent from \$263 million in the corresponding period. This reflected lower rollovers and member contributions, which was off-set by lower withdrawals.

Inflows to retail superannuation and allocated pensions/annuities fell by 30 per cent to \$970 million, compared to \$1,394 million in the corresponding period, reflecting lower member contributions as a result of market volatility.

Outflows for retail superannuation and allocated pensions/annuities improved by 24 per cent to \$855 million, compared to \$1,131 million in the corresponding period, largely due to market falls reducing withdrawal balances as well as members delaying retirement.

Retail superannuation persistency was 93.0 per cent, unchanged from the corresponding period.

Allocated annuities persistency fell to 85.1 per cent, from 88.4 per cent in the corresponding period.

### **Corporate superannuation**

Corporate superannuation net cashflows (excluding mandate wins) were \$250 million, an increase of 112 per cent compared to \$118 million in the corresponding period, reflecting strong employer contributions and lower outflows.

- Including mandate wins, total corporate superannuation inflows were \$724 million, compared to \$697 million in Q1 2008.
- Total corporate superannuation outflows improved 22 per cent to \$446 million, compared to \$569 million in the corresponding period.
- Persistency for corporate superannuation increased marginally to 94.7 per cent from 94.2 per cent compared to Q1 2008.

### **Mature products**

Net outflows in mature products improved two per cent to \$277 million compared to \$282 million in Q1 2008.

The improvement was largely due to lower outflows resulting from lower investment markets discouraging withdrawals from capital guaranteed products.

### **New Zealand**

Net cashflows for New Zealand were \$37 million, a slight decrease on \$40 million in the previous corresponding period.

KiwiSaver flows continued to perform consistently compared to Q1 2008 despite weaker market conditions.

### **Channel flows**

AMP Financial Planning net cashflows were \$41 million, a 74 per cent decrease from \$159 million in the corresponding period, mainly reflecting lower discretionary inflows into retail superannuation and allocated pensions/annuities.

- Inflows for the quarter fell 26 per cent to \$1,331 million, compared to \$1,798 million in Q1 2008.
- Outflows improved by 21 per cent to \$1,290 million, compared to \$1,639 million in the corresponding period.

Hillross net cashflows were \$22 million, an improvement of \$86 million largely due to a loss of nearly \$100 million in the previous corresponding period following the departure of a practice, and \$35 million contributed by the new Definitive Wrap product.

**Assets under management**

AMP Financial Services Contemporary Wealth Management (CWM) average AUM fell 21 per cent to \$41.8 billion, compared to \$52.8 billion at 31 March 2008.

AMP Capital Investors (AMPCI) average AUM fell 15 per cent to \$89.7 billion, compared to \$106.2 billion at 31 March 2008.

**Capital management update**

AMP remains strongly capitalised with A\$923 million in excess capital above minimum regulatory requirements (MRR) as at 31 March 2009, compared to A\$898 million as at 31 December 2008.

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**Table 1: Cashflows by business Line**

	Cash inflows			Cash outflows			Net cashflows		
	Q1 09	Q1 08	% Q1/Q1	Q1 09	Q1 08	% Q1/Q1	Q1 09	Q1 08	% Q1/Q1
<b>Australian contemporary wealth management</b>									
Retail superannuation <sup>1</sup>	722	985	(26.7)	589	887	33.6	133	98	35.7
Allocated pensions/annuities	248	409	(39.4)	266	244	(9.0)	(18)	165	n/a
<b>Total retail superannuation and pensions/annuities</b>	<b>970</b>	<b>1,394</b>	<b>(30.4)</b>	<b>855</b>	<b>1,131</b>	<b>24.4</b>	<b>115</b>	<b>263</b>	<b>(56.3)</b>
Retail investment	53	78	(32.1)	97	125	22.4	(44)	(47)	6.4
External platforms <sup>2</sup>	281	414	(32.1)	297	479	38.0	(16)	(65)	75.4
Total retail	1,304	1,886	(30.9)	1,249	1,735	28.0	55	151	(63.6)
Corporate superannuation	696	687	1.3	446	569	21.6	250	118	111.9
Corporate superannuation mandate wins <sup>3</sup>	28	10	180.0	-	-	-	28	10	180.0
<b>Total Australian contemporary wealth management</b>	<b>2,028</b>	<b>2,583</b>	<b>(21.5)</b>	<b>1,695</b>	<b>2,304</b>	<b>26.4</b>	<b>333</b>	<b>279</b>	<b>19.4</b>
<b>Total Australian contemporary wealth protection</b>	<b>174</b>	<b>147</b>	<b>18.4</b>	<b>57</b>	<b>55</b>	<b>(3.6)</b>	<b>117</b>	<b>92</b>	<b>27.2</b>
<b>Total Australian contemporary</b>	<b>2,202</b>	<b>2,730</b>	<b>(19.3)</b>	<b>1,752</b>	<b>2,359</b>	<b>25.7</b>	<b>450</b>	<b>371</b>	<b>21.3</b>
<b>Australian mature<sup>4</sup></b>	<b>170</b>	<b>204</b>	<b>(16.7)</b>	<b>447</b>	<b>486</b>	<b>8.0</b>	<b>(277)</b>	<b>(282)</b>	<b>1.8</b>
<b>Total Australia</b>	<b>2,372</b>	<b>2,934</b>	<b>(19.2)</b>	<b>2,199</b>	<b>2,845</b>	<b>22.7</b>	<b>173</b>	<b>89</b>	<b>94.4</b>
<b>New Zealand</b>	<b>155</b>	<b>196</b>	<b>(20.9)</b>	<b>118</b>	<b>156</b>	<b>24.4</b>	<b>37</b>	<b>40</b>	<b>(7.5)</b>
<b>Total AFS cashflows</b>	<b>2,527</b>	<b>3,130</b>	<b>(19.3)</b>	<b>2,317</b>	<b>3,001</b>	<b>22.8</b>	<b>210</b>	<b>129</b>	<b>62.8</b>
AMP Banking – mortgages	423	715	(40.9)	255	410	37.9	168	305	(44.8)
AMP Banking – deposits							490	311	57.9

**Table 2: Cashflows by channel**

AMP Financial Planning	1,331	1,798	(26.0)	1,290	1,639	21.3	41	159	(74.2)
Hillross	336	429	(21.7)	314	493	36.3	22	(64)	n/a
Corporate Superannuation - direct sales force	355	360	(1.4)	194	234	17.1	161	126	27.8
Centrally managed clients and other	158	162	(2.5)	212	232	8.6	(54)	(70)	22.9
3rd party distributors	192	185	3.8	189	247	23.5	3	(62)	n/a
<b>Total Australia</b>	<b>2,372</b>	<b>2,934</b>	<b>(19.2)</b>	<b>2,199</b>	<b>2,845</b>	<b>22.7</b>	<b>173</b>	<b>89</b>	<b>94.4</b>
<b>New Zealand</b>	<b>155</b>	<b>196</b>	<b>(20.9)</b>	<b>118</b>	<b>156</b>	<b>24.4</b>	<b>37</b>	<b>40</b>	<b>(7.5)</b>
<b>Total AFS cashflows</b>	<b>2,527</b>	<b>3,130</b>	<b>(19.3)</b>	<b>2,317</b>	<b>3,001</b>	<b>22.8</b>	<b>210</b>	<b>129</b>	<b>62.8</b>

**Table 3: Australian contemporary wealth management cash inflows (A\$)**

Member contributions	178	257	(30.7)
Employer contributions	733	671	9.2
Total contributions	911	928	(1.8)
Transfers and rollovers in <sup>5</sup>	1,028	1,492	(31.1)
Other cash inflows	89	163	(45.4)
<b>Total Australian contemporary wealth management cash inflows</b>	<b>2,028</b>	<b>2,583</b>	<b>(21.5)</b>

<sup>1</sup> Retail superannuation includes the product Flexible Lifetime - Super (FLS), a component of which is small corporate superannuation schemes.

<sup>2</sup> Externally manufactured products that earn platform fees (superannuation, pensions and investments).

<sup>3</sup> Cashflows from the transfer of accumulated member benefits as a result of SignatureSuper mandate wins.

<sup>4</sup> Fixed term annuities (previously part of Contemporary wealth management) and Lifetime annuities (previously part of Contemporary wealth protection) are now reported within Australian mature as they were closed to new business during Q1 09.

<sup>5</sup> Transfers and rollovers in include transfer of accumulated member balances into AMP from both internal (eg retail superannuation to allocated pensions/annuities) and external products.

**Table 4: Q1 09 AUM for AMP Financial Services and AMPCI**

<b>AUM (A\$b)</b>	<b>Q1 09</b>	<b>Q1 08</b>	<b>% Q1/Q1</b>
<b>Australian contemporary wealth management</b>			
Q1 09 Closing AUM (including capital)	<b>41.7</b>	51.2	(18.5)
Q1 09 Average AUM (including capital)	<b>41.8</b>	52.8	(20.8)
<b>AMPCI</b>			
Q1 09 Closing AUM	<b>88.5</b>	103.9	(14.8)
Q1 09 Average AUM	<b>89.7</b>	106.2	(15.5)