

ASX Announcement

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Manager
ASX Market Announcements
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SYDNEY NSW 2000

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AMP Capital China Growth Fund (ASX: AGF) – Monitoring of enhancements and impact on discount

The responsible entity (“RE”) of the AMP Capital China Growth Fund (“the Fund”), AMP Capital Funds Management Limited (AFSL 426455), refers to the enhancements to the Fund announced on 17 September 2015.

Following the Strategic Review of the Fund described in that announcement, the RE announced a series of operational, governance and disclosure enhancements. The RE believes these changes may make the Fund more attractive to new investors and increase demand, which could assist in narrowing the discount between net asset value (“NAV”) per unit and ASX trading price (“Discount”). Since that announcement, the RE and its advisers have engaged broadly with unitholders to solicit their feedback on the planned enhancements to the Fund.

Unitholder feedback confirmed the original purpose of the Fund, to provide Australian retail investors with access to the China A-share market to generate long-term capital growth, remains relevant to the majority of unitholders. The enhancements to the Fund were broadly welcomed.

While the Fund’s primary purpose remains generating long-term capital growth from an investment in China A-shares, the RE recognises that the returns realised by unitholders are influenced by the Fund’s Discount. The RE in consultation with the Fund’s Advisory Committee intends to consider the Discount, along with other measures of Fund performance, in continuing to evaluate whether the Fund remains fit-for-purpose. The RE believes an appropriate reference point includes whether the Discount is at a level of 15% or less.

Importantly, in line with our earlier announcement, the RE still believes there are structural reasons that contribute to the Fund’s Discount, including the Fund’s substantial exposure to investments in the China A-share market, the level of volatility in that market, an observed premium valuation of many individual China A-shares relative to their H-share listing and timing and taxation issues regarding repatriation of capital. There is no single factor that explains the Discount and our global peers¹ have continued to trade at similar or deeper discounts in recent months.

¹ Peers include the HSBC China Dragon Fund and the Morgan Stanley China A Share Fund

The RE believes the enhancements to the Fund may have a number of benefits, including enhanced liquidity for working capital, improved trading liquidity through increased investor demand and increased transparency of performance. These improvements may facilitate the payment of periodic cash distributions and the creation of further strategic options to unlock value for all unitholders.

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

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