

A dark grey banner with the text 'media:release' in a light blue, sans-serif font. The background of the banner shows a blurred image of a stock market ticker with various financial terms and numbers.

media:release

For immediate release: Tuesday 9 February 2010

AMP Capital Investors: A more challenging year for growth assets in 2010

Last year ended well with stronger sharemarkets driving solid gains for diversified funds in the December quarter. But 2010 has begun on a weak note, with a significant retracement in shares, said Jason Wong, Head of Investment Strategy at AMP Capital's quarterly briefing. "This begs the question, will sharemarkets be as strong as last year, or are returns likely to be tepid? We believe that 2010 will be a more challenging year for growth assets, but shares are still likely to outperform the low returns on offer for cash, bonds and property. We are still early into an economic recovery, and policy settings remain very easy, which support the outlook for equity markets, but these conditions will not last forever. Markets will be particularly sensitive to the timing and scope for higher interest rates as the global economic recovery becomes more entrenched. This phase of the investment cycle can be challenging for equities".

For the quarter to 31 December, AMP Capital's Conservative Diversified Fund returned 1.7% and for the year, 5.8%, its Balanced Diversified fund returned 2.8% for the quarter and 10.6% for the year and its Growth Diversified Fund returned 3.8% and 14.5% respectively.

Again, performances in individual asset classes varied widely. Modest returns were recorded for income assets with the New Zealand Fixed Interest fund returning 0.8% for the December quarter and 4.4% for the year, and Global Fixed Interest, 1.0% and 4.6% respectively. Most growth assets provided robust returns; Global Property returned 5.5% for the quarter and 36.5% for the year, Hedged Global Equities returned 6.6% for the quarter and 37.9% for the year and New Zealand Equities returned 1.8% for the quarter and 20.4% for the year. New Zealand Direct Property underperformed falling -2.5% for the quarter and -19.4% for the year.

"Global sharemarkets have been overdue for a correction so we don't read too much into the recent fall. For sure, the strong returns of last year are unlikely to be repeated, but we think that shares can do much better over the rest of the year than the prospective return of 4-5% on low risk assets like cash and government stock." said Mr Wong.

AMP Capital Investors Fund Returns

Returns to 31 December 2009	Quarter Return 31/12/09	Annual Return 31/12/09	3-Year Return p.a. 31/12/09	5-year Return p.a. 31/12/09
Individual Sectors – Before Tax and Fees				
Strategic Equity Growth	2.3%	20.6%	-2.7%	7.3%
NZ Equities Active	1.4%	20.1%	-3.2%	5.2%
NZ Equity Combined	1.8%	20.4%	-2.9%	6.3%
Global Equities – Unhedged	4.4%	9.2%	N/A	N/A
Global Equities – Hedged	6.6%	37.9%	N/A	N/A
Property	-2.5%	-19.4%	-1.1%	7.2%
New Zealand Fixed Interest	0.8%	4.4%	9.5%	7.9%
Global Fixed Interest	1.0%	4.6%	N/A	N/A
Cash	1.0%	4.4%	7.4%	7.4%
Global Property	5.5%	36.5%	N/A	N/A
Managed Diversified Funds – Before Tax and Fees				
Conservative Fund	1.7%	5.8%	6.4%	7.9%
Balanced Fund	2.8%	10.6%	1.9%	7.0%
Growth Fund	3.8%	14.5%	-2.6%	5.8%
Passive Funds – Before Tax and Fees				
Global Equities – Passive	4.1%	3.5%	-5.8%	2.1%
Index Performance				
MSCI Gross Index Unhedged	3.5%	4.4%	-6.6%	1.9%
MSCI Gross Index Hedged	4.9%	25.9%	-5.1%	N/A
NZSX50 Comp w/IC's	2.4%	20.5%	-5.8%	2.5%
NZX Bills Gross Index	0.7%	3.4%	6.8%	7.1%
NZX Bond Index	0.6%	1.7%	6.9%	6.4%
Barclays Global Aggregate Hedged Bond Index	1.0%	7.8%	9.2%	8.3%

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