

# Media Release

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Not for release or distribution in the US

## 2015 looks like 2014 déjà vu so far

The first quarter of 2015 has been another solid one for diversified investors according to results released at AMP Capital's media briefing today. The start of the year is looking like 2014 déjà vu as US first quarter growth has come in weaker than expected, central banks have eased more than expected, and bond yields have moved lower while equities have rallied.

An unprecedented level of quantitative easing, lower rates and lower oil prices have been a boon to share markets so far, especially Eurozone and Japan shares. Eurozone shares are also benefiting from a pick-up in growth and the long-heralded recovery in earnings. New Zealand share returns have also been healthy with reasonable earnings and higher dividends contributing to the positive economic backdrop.

All of AMP Capital's Diversified Funds produced positive results with the AMP Capital Growth Fund delivering the best result, returning 5.0% over the quarter and 14.6% for the year to 31 March. The AMP Capital Balanced Fund and the AMP Capital Responsible Investment Leaders Balanced Fund returned 4.0% and 3.7% respectively for the quarter and 12.3% and 13.3% for the year to March. The AMP Capital Conservative Fund returned 2.7% for the quarter and 9.0% for the year to 31 March.

Head of Investment Strategy, Keith Poore, said that AMP Capital's key calls remain essentially the same as the previous quarter. "We expect bond yields to move modestly higher over the next twelve months as the US takes the first small steps toward policy normalisation," he said.

AMP NZ Chief Economist, Bevan Graham, said that the outlook for the global economy continues to be best described as "uneven". "Despite a weak start to the year underlying economic fundamentals continue to improve in the US. That should see the US along with New Zealand remain one of the stand-out performers amongst the developed economies," he said.

The New Zealand economy continues to perform strongly. Annual growth came in at +3.5% in calendar 2015, the strongest growth since 2007. Mr Graham said that the outlook remains one of pluses and minuses. Plusses will continue to be residential construction (particularly in Christchurch and Auckland), population growth via net migration, still relatively low interest rates and strong consumption growth underpinned by solid employment growth.

"The minuses will be the still strong New Zealand dollar, fiscal drag as the Government continues to keep fiscal conditions tight in pursuit of fiscal balance, drought and lower dairy prices," he said.

Mr Poore added he expects US rate hikes will bring risks and opportunities.

"It could cause a 'reset' in US shares, but we expect this would be a temporary setback and would represent a buying opportunity. We also expect the US dollar to move higher on the back of US rate hikes which implies further weakness in the NZD. Given the adjustment we have seen so far, however, the NZD could stay around these levels for some time before trending lower again," he said.

	To 31 March Quarter return	To 31 March 1 Year return	To 31 March 3 years return	To 31 March 5 years return
<b>Sector funds – Before tax and fees</b>				
NZ Shares Active	4.2%	19.4%	20.1%	14.5%
Global Shares - Unhedged	6.8%	23.2%	17.3%	9.6%
Global Shares - Hedged	5.1%	15.1%	19.7%	15.2%
Listed Infrastructure - Hedged	7.1%	25.4%	n/a	n/a
Listed NZ Property	4.7%	27.6%	18.0%	16.2%
New Zealand Fixed Interest	2.9%	10.4%	5.9%	7.1%
Global Fixed Interest	2.1%	8.8%	5.6%	6.6%
Cash	1.0%	4.0%	3.7%	3.8%
Global Property - Hedged	7.9%	27.3%	20.5%	18.3%
Australian Shares	7.1%	12.7%	9.4%	4.4%
<b>Diversified funds – Before tax and fees</b>				
Conservative Fund	2.7%	9.0%	7.4%	7.0%
Balanced Fund	4.0%	12.3%	11.3%	9.2%
Growth Fund	5.0%	14.6%	13.8%	10.2%
Balanced Fund - Responsible Investment Leaders	3.7%	13.3%	13.1%	10.4%
<b>Index performance</b>				
MSCI Gross Index - Unhedged	6.6%	22.7%	15.6%	8.8%
MSCI Gross Index - Hedged	4.9%	15.1%	18.6%	14.6%
D J Brookfield Global Infrastructure - Hedged	3.4%	19.8%	n/a	n/a
NZX50 Comp w/IC's	5.2%	15.2%	20.0%	13.8%
NZX Bills Gross Index	0.9%	3.6%	3.0%	3.0%
NZX Bond Index	2.7%	9.4%	4.6%	6.1%
Barclays Global Treasury GDP - Hedged	3.5%	11.5%	7.5%	7.3%

Ends

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All returns set out in this media release are before tax and fees. Past returns are not necessarily indicative of future returns. For further information about the Funds described in this media release, and before investing, please read the Investment Statement which can be found at [www.ampcapital.co.nz](http://www.ampcapital.co.nz).