

Media Release

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AMP Capital says growth assets set to perform in 2012

Following two years of reasonably healthy returns, 2011 was a challenging year for equity markets but a strong December quarter recovered some of the earlier losses, Bevan Graham, Chief Economist for AMP Capital in New Zealand, said at the company's media briefing today.

Once more, AMP Capital's diversified funds reflected the uncertainty in offshore markets over the final quarter of 2012. The Conservative Fund returned 2.8% for the quarter and 5.7% for the year, the Balanced Fund, 3.8% and 1.5% respectively and the Growth Fund returned 4.7% for the quarter and -3.5 for the year. AMP Capital's responsible Investment Balanced Fund returned 2.6% and 2.2% for the quarter and year.

AMP Capital's Unhedged Global Equities Fund returned 4.7% for the December quarter and -6.0% for the year while the Hedged Global Equities Fund returned 8.1% and -4.3% respectively.

New Zealand Equities (average) return was down by 1.1% for the quarter and by -1.5% for the year.

The New Zealand Fixed Interest Fund returned 3.8% for the quarter and 13.9% for the year and AMP Capital's Global Fixed Interest Fund was up 1.3% during the quarter and 9.6% for the year.

"After being the key focus in 2011, we expect sovereign debt in Europe to remain a key focus in 2012" Bevan Graham said.

"Important progress has been made at both a systemic Europe-wide and individual country level, but considerable work still needs to be done. In the meantime Europe appears to have slipped back into recession but we believe this will be relatively shallow.

"We expect a continuation of debt constrained growth in America and while growth is clearly slowing in China, we expect a soft landing. Overall we expect global growth of 3.0% in 2012, down on an estimated 3.5% in 2011. Growth is then expected to show a modest rebound to 3.5% in 2013," Bevan Graham said.

Keith Poore, AMP Capital's Head of Investment strategy and portfolio management said, "Looking ahead for 2012 and beyond, we expect shares to outperform bonds by a healthy margin".

"Share valuations look attractive across the board especially versus bonds given their yields are at historic lows. However, ongoing eurozone concerns mean shares will continue to track daily events in the near-term. The good news is the vicious cycle between eurozone sovereign yields, their banking sector and GDP growth appears to have been broken, for now"

"As a result, we think it is time to add some growth exposure to our portfolios and we now have a small overweight to global shares. Further stability on the eurozone front would see us consider adding to this position." Poore said.

AMP Capital Individual Sectors before tax and fees	To 31 Dec Quarter return	To 31 Dec 1 Year return	To 31 Dec 3 years return	To 31 Dec 5 years return
Strategic Equity Growth	-0.4%	-3.3%	7.3%	-1.1%
NZ Equities Active	-1.8%	0.3%	8.7%	-0.6%
NZ Equity (Average)	-1.1%	-1.5%	8.0%	-0.9%
Global Equities - Unhedged	4.7%	-6.0%	2.0%	N/A
Global Equities - Hedged	8.1%	-4.3%	14.4%	N/A
Property	1.3%	0.2%	-9.9%	-2.5%
New Zealand Fixed Interest	3.8%	13.9%	8.4%	9.9%
Global Fixed Interest	1.3%	9.6%	N/A	N/A
Cash	0.9%	3.8%	4.1%	6.0%
Global Property	9.4%	-0.9%	18.7%	N/A
Australian Equities	6.3%	-9.5%	11.1%	2.3%
Managed Funds – Before Tax and Fees				
Conservative Fund	2.8%	5.7%	6.1%	6.3%
Balanced Fund	3.8%	1.5%	6.3%	2.8%
Growth Fund	4.7%	-3.5%	6.0%	-0.8%
Balanced Fund - Responsible	2.6%	2.2%	N/A	N/A
Passive Funds – Before Tax and Fees				
Global Equities – Passive	6.2%	-2.5%	2.3%	-2.9%
Index Performance				
MSCI Gross Index - Unhedged	5.4%	-5.4%	0.9%	-4.3%
MSCI Gross Index - Hedged	8.0%	-4.1%	10.4%	-1.8%
NZSX50 Comp w/IC's	-1.8%	0.4%	7.9%	-2.7%
NZX Bills Gross Index	0.7%	2.9%	3.1%	5.3%
NZX Bond Index	3.8%	13.3%	7.2%	8.2%
Citigroup World Government Bond Index	1.3%	8.3%	N/A	N/A

Ends

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