

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: Wednesday 28 July 2010

## A challenging market environment

The sovereign debt crisis in Europe, double-dip recession fears and the threat of deflation all contributed to a mixed bag of returns for AMP Capital Investors' funds for the June quarter said head of investment strategy, Jason Wong.

Equity prices – both global and domestic – moved rapidly downwards over the quarter; Hedged Global Equities returned -11.7% for the quarter and 18.2% for the year, unhedged Global Equities, -10.2% and 4.7% respectively, and New Zealand Equities returned -8.9% for the quarter and 7.8% for the year.

Global Property returns were not unaffected at -6.8% for the quarter and 42.5% for the year.

But returns for income assets were positive, with the New Zealand Fixed Interest fund returning 3.3% for the June quarter and 9.4% for the year, and Global Fixed Interest, 4.1% and 10.1% respectively.

AMP Capital's Conservative Diversified Fund returned -0.2% for the quarter and 7.1% for the year, its Balanced Diversified fund returned -4.0% for the quarter and 7.2% for the year and its Growth Diversified Fund returned -7.5% and 7.1% respectively. The Balanced Responsible Investment Fund returned -3.7% for the quarter.

The good news for diversified funds is that there has been a strong rebound in global equity prices over July, setting the scene for much better returns for the current September quarter.

"While the risks for economic activity have increased recently, double-dip recessions are very rare and we believe that the economic expansion can continue for some time yet."

"Although the recovery is below par in the major developed countries, emerging markets are experiencing a robust recuperation. An economic recovery profile, easy liquidity conditions and improved valuations post-correction provide some underlying support for equities."

"There is a long list of worry factors for markets such as sovereign debt risk, households under stress and an obvious need for considerably tighter fiscal policy across the major developed countries. The uncertain outlook makes for a difficult investment environment. We expect a rocky path for equity prices and modest returns across all asset classes in the period ahead," said Mr Wong.

## AMP Capital Investors Fund Returns

<b>Returns to 30 June 2010</b>	<b>Quarter Return 30/6/10</b>	<b>Annual Return 30/6/10</b>	<b>3-Year Return p.a. 30/6/10</b>	<b>5-year Return p.a. 30/6/10</b>
<b>Individual Sectors – Before Tax and Fees</b>				
NZ Strategic Equities	-9.4%	8.7%	-6.4%	5.0%
NZ Equities Active	-8.4%	6.8%	-7.2%	2.9%
NZ Equity (Average)	-8.9%	7.8%	-6.8%	3.9%
Global Equities – Unhedged	-10.2%	4.7%	N/A	N/A
Global Equities – Hedged	-11.7%	18.2%	N/A	N/A
NZ Direct Property	0.6%	-21.5%	-9.7%	2.8%
NZ Fixed Interest	3.3%	9.4%	11.5%	8.4%
Global Fixed Interest	4.1%	10.1%	N/A	N/A
NZ Cash	1.0%	4.0%	6.6%	7.1%
Global Property	-6.8%	42.5%	N/A	N/A
<b>Managed Diversified Funds – Before Tax and Fees</b>				
Conservative Fund	-0.2%	7.1%	5.8%	7.3%
Balanced Fund	-4.0%	7.2%	-0.5%	5.4%
Growth Fund	-7.5%	7.1%	-6.3%	3.4%
Balanced Fund – Responsible Investment	-3.7%	N/A	N/A	N/A
<b>Passive Funds – Before Tax and Fees</b>				
Global Equities – Passive	-9.2%	4.7%	-6.5%	0.8%
<b>Index Performance</b>				
MSCI Gross Index	-9.9%	3.8%	-8.0%	0.3%
MSCI Gross Index – Hedged	-11.0%	13.0%	-10.1%	N/A
NZSX50 Comp w/ICs	-8.9%	7.5%	-9.8%	-0.2%
NZX Bills Gross Index	0.7%	2.8%	6.0%	6.7%
NZX Bond Index	3.4%	8.2%	9.0%	6.8%
Citigroup World Government Bond Index	3.1%	8.1%	N/A	N/A

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