



**Analyst(s):** David Erdonmez; Andrew Yap

## Standard & Poor's View (at May 10, 2011)

Standard & Poor's Fund Services rates this fund four stars. This reflects our high conviction that the manager will consistently generate risk-adjusted returns in excess of relevant investment objectives and relative to peers.

We have affirmed our four-star rating on the AMP Capital Corporate Bond Fund. Investors should note that this fund sits within S&P's Australian Fixed Interest – Credit peer group, reflecting the fund's focus on providing a corporate bond exposure and the returns associated with it. Since we last rated the fund, there have been three significant changes.

The first is a change in its benchmark. Historically, the fund used the UBS Australia Composite Bond Index, but this has now changed to the UBS Credit Index which we feel is a far better match for the product and so we welcome this change.

The second change has been to widen the duration band from +/- 1 year to +/- 1.5 years. We understand the manager's reasoning for the change, but we are conscious that the fund's duration exposure may become a more evident driver of returns which will dilute the credit focus of the offering. At this stage, we are comfortable with the usage of duration (to target cyclical turning points in the interest rate cycle and for hedging purposes) and will continue to monitor this element closely.

The final change was in the investment team, with Sonia Baillie joining as the head of credit research and analysis to replace Andrew Lally who has moved into the Australian equities team. The fixed income team continues to be led by Mark Beardow, with Jeff Brunton and Simon Warner leading the credit markets and macro markets teams, respectively. We hold a high opinion of the fixed income team as a whole, although we view negatively the changes that occur from one review to the next in the credit research and analysis team.

The team's investment process is highly structured and one of the strongest in the sector. The fund was actively managed during 2010, with credit naturally driving portfolio returns. Performance continues to be strong with the fund outperforming the UBS Composite Bond benchmark over one, three, and five years and since inception. While alone in the credit peer group, we believe that this product has clear competitive advantages and may provide an attractive choice when seeking exposure to this asset class.

## Fund Information

### Objectives

The manager targets a return of 0.8% above the benchmark UBS Credit Index before fees and tax. Returns are driven by investments in credit securities such as corporate bonds.

### General

APIR Code	AMP0557AU
Fund status	Open
Inception date	June 23, 2009
Fund Size (\$A)	75.35 .mil
Benchmark	UBS Credit 0+ Yr TR AUD
Peer group	Australian Fixed Interest - Credit
Responsible Entity	AMP Capital Investors Limited
Minimum investment (A\$)	500000

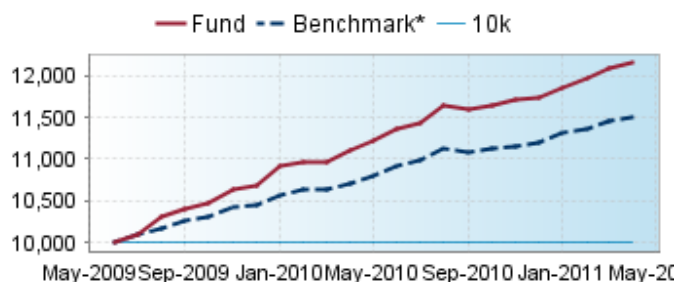
### Fees

Ongoing Fees (%)	Transaction Fees (%)
ICR	0.6
Management	-
Ongoing Brokerage	1.1
	Switching
	Upfront Brokerage

\* Benchmark: UBS Credit 0+ Yr TR AUD.

## Fund Analysis

### Growth of A\$10,000 (at April 30, 2011)



### Risk Return (at April 30, 2011)

Insufficient data available to plot graph

### Performance Statistics (at April 30, 2011)

	3 mth	6 mth	1 yr	3 yr	5 yr
Fund Total	2.45	4.32	9.52	-	-
Income	1.69	3.3	7.25	-	-
Growth	0.76	1.02	2.27	-	-
Benchmark* Total	1.83	3.36	7.58	-	-
Excess Return	0.62	0.96	1.94	-	-
Quartile Ranking	2	2	2	-	-

### Asset Allocation (%) (at April 30, 2011)

Class	Actual	Min.	Max.
Australian Equities	-	-	-
International Equities	-	-	-
Listed Property	-	-	-
Unlisted Property	-	-	-
Australian Fixed Interest	92.14	-	-
International Fixed Interest	-	-	-
Cash	7.86	-	-
Other	-	-	-
Mortgages	-	-	-

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