



15 November 2009

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AMP and China Life Group form strategic partnership

AMP Limited today announced it is the first foreign financial institution to sign a Memorandum of Understanding (MOU) for Strategic Cooperation with China Life Insurance (Group) Company, the largest insurance group in China and the world's largest listed life insurance company.

The MOU for Strategic Cooperation between AMP and China Life Group outlines areas for partnership in asset management and pensions.

AMP Chief Executive Craig Dunn said: "AMP's agreement with China Life offers significant potential for AMP to grow its business in partnership with China Life in the world's fastest growing economy, with China's private pensions market expected to grow to A\$1 trillion¹ by the year 2030.

"AMP has had a market presence in China since 1997 and this announcement represents a significant milestone in the development of our Asian strategy. We will work closely with China Life to explore opportunities where we can draw on our areas of strength for mutual benefit. The partnership sets a strong foundation for both organisations to cooperate on opportunities in China, Australia and the Asia Pacific region," Mr Dunn said.

The Chinese pension market is undergoing a period of major structural change as the authorities make available a broader investment universe to pension funds. The size of the potential opportunity for AMP will depend on the future Chinese regulatory environment and agreement with China Life.

"AMP brings to the table a proud history that has seen us evolve to become a leader in the Australian superannuation and pension markets and we are focused on building our growing footprint in Asia through AMP Capital's funds management business.

"With China Life's significant scale and leading market position, the partnership is the ideal balance of our mutual strengths and capabilities.

"Like Australia, China is also facing a significant demographic shift. By 2050 the number of Chinese citizens aged 60 or over is expected to rise to more than 430 million, or 31 per cent of the population. This trend has significant implications for the aged care sector and other areas of social infrastructure, areas in which AMP also has investment expertise," Mr Dunn said.

AMP has maintained a presence in China since 1997 and was the first Australian company to receive a Qualified Foreign Institutional Investor (QFII) licence to trade in China 'A' shares. China Life Asset Management Company was appointed as AMP's local Chinese investment adviser for

¹ Sourced from BBVA Pensions Trend Report 10 March 2009, the Chinese private pension market (enterprise annuity) is forecast RMB5.8 trillion by 2030.

the QFII licence in October 2006. China Life Asset Management Company also sources infrastructure opportunities for AMP's Asian infrastructure funds.

"Our relationship with China Life has already seen our clients benefit from the unique opportunities that have ensued through the AMP Capital China Growth Fund. China Life is the natural choice as a partner to explore broader opportunities across pensions and other areas of asset management," Mr Dunn said.

AMP Capital continues to expand its international investment capabilities and strategic growth aspirations in Asia through offering clients access to high value-add investment opportunities. This includes establishing partnerships where appropriate in key target markets.

AMP Capital currently offers investments in a range of high quality asset classes including property, infrastructure, equities and fixed income, with operations in Australia, Japan, China, India, Singapore, the United Kingdom and New Zealand.

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About AMP Capital Investors' growth in Asia

China is a key part of AMP Capital Investors' (AMPCI) Asian growth strategy.

AMPCI is pursuing growth in Asia by sourcing funds and selecting, investing in and managing assets in markets with large pools of investable capital, like China and Japan.

The business has deliberately pursued growth in asset management over traditional life insurance businesses due to the capital-intensive nature of the latter.

At 30 June 2009, 5 per cent - close to A\$5 billion – of AMPCI's assets under management were sourced from Asia.

AMPCI is building its investment capabilities on either a pan-Asian or country-specific basis. For example, the business is building a pan-Asian capability in equities and debt, and country-specific capabilities in infrastructure (China and India) and property (Japan and Singapore).

For the past 18 months, AMPCI has invested heavily in technology, people, partnerships and research capabilities to position the business to take even greater advantage of Asia's burgeoning asset management opportunities.

In addition to the memorandum of understanding with China Life, highlights of AMPCI's activities in Asia to date include:

- managing more than A\$700m across our Asian equities investment strategies (the Listed Assets team now has seven Asian equities specialists).
- investing more than A\$350m on the China A share market through the listed China Growth Fund.
- launched three Asian focused infrastructure funds since 1999, including the India Infrastructure Fund (IIF), the Infrastructure Fund of India (TIFOI) and the Asian Giants Infrastructure Fund (AGIF).
- acquiring Japan's Gemini Advisors Securities Investment Company to expand its reach into the Japanese retail market – and securing distribution arrangements with Japan's top three broking houses.
- selected by T&D Asset Management in Japan on behalf of their pension fund clients as infrastructure partner for European and Asia Pacific infrastructure funds.
- its products now being distributed in Japan, Singapore, Malaysia and South Korea.

Today AMPCI is a:

- top 20 global real estate investment manager (Watson Wyatt 2009 Global Alternatives Survey).
- top 10 global infrastructure investment manager (Watson Wyatt 2009 Global Alternatives Survey).
- 2008 winner Global REIT (Japan), Rating & Investment Inc Fund Awards 2008
- one of the top 10 foreign Toshin fund managers in Japan.

Asia's asset management market is highly attractive.

- The Asia-Pacific region had a total of approximately USD13.6 trillion invested in 2008, of which approximately 41% was handled by asset managers. In Asia (ex-Japan), only 31% of financial assets are managed by asset managers. In Australia, the existing penetration of asset management products is much higher (70% of financial assets managed by asset managers).
- The largest fund management market in the Asia Pacific region is currently Japan, which in 2008 had Assets Under Management ('AUM') totalling US\$3.4 trillion. Australia is currently the second largest market (AUM: US\$1.0 trillion), followed by China (AUM: US\$0.4 trillion).
- Key drivers of growth in the region include high savings rates, rapidly emerging middle classes in China and India, massive urbanisation, accelerating household incomes and favourable demographics.