

25 May 2017

## AMP provides update on growth strategy

AMP is today providing an update on its group strategy and growth opportunities at its Investor Strategy Day, being held in Sydney.

The strategy will direct investment towards higher-growth businesses in wealth management, AMP Bank and AMP Capital; leverage AMP's strengths in overseas markets; and maintain focus on driving cost efficiency.

Key elements of the strategy include:

- Tilt investment to higher-growth, less capital-intensive businesses. Release and recycle capital from lower-growth business lines to fund growth and returns.
- Grow wealth management by broadening its revenue streams via increasing contributions from advice and SMSF, while continuing to invest in product and platform development.
- Build and integrate a goals-based advice operating system across face-to-face, phone, digital and corporate super employer channels. Explore options to extend advice capability and systems into international markets.
- Leverage AMP Capital's investment management expertise in fixed income, infrastructure and real estate to selected international markets, including Europe, North America and Asia.
- Continue the rapid growth and increasing contribution of China businesses.
- Manage Australian wealth protection, New Zealand and mature for capital efficiency and value, emerging embedded value as soon as possible.
- Continue focus on costs to drive operational leverage.

AMP Chief Executive Craig Meller said:

“Our strategy continues AMP's shift from a product and distribution business to a customer-led organisation focused on helping our customers achieve their personal goals.”

“We are uniquely positioned to benefit from favourable domestic and global thematic including the mandated growth of the Australian superannuation system, a growing banking market and the structural increase in demand for investment yield as the world's population ages.


“The strategy is focused on realising our potential while adapting to an increasingly competitive market place and technology-driven disruption.

“In Australia, we will continue to lead the wealth management market, changing the sector's traditional economics by driving greater revenue from advice and self-managed super fund (SMSF) services. We will help more Australians get more advice, more often through our transformed goals-based operating system.

“We will also diversify and drive revenue growth internationally through investment management, particularly infrastructure and real estate, and by extending our unique wealth operating system to offshore players. Our partnerships with market leaders in China (China Life) and Japan (MUTB) provide strong platforms for future growth.

“The approach for our Australian wealth protection, New Zealand and mature businesses is to manage them for value and capital efficiency. These businesses have significant embedded value and we continue to look for ways to economically accelerate the realisation of this value.

“The strategy will be underpinned by a continuing focus on operational efficiency and cost discipline right across the group.”

More detail on AMP’s strategy is available in the attached presentation that is also available at [www.amp.com.au/shares](http://www.amp.com.au/shares). A link to the webcast (starting from 9am AEST) is also available from this location. 

**Media enquiries**

Lachlan Johnston  
Phone: +61 2 9257 9870  
Mobile: +61 466 026 702

Adrian Howard  
Phone: +61 2 9257 6781  
Mobile: +61 413 184 488

**Investor enquiries**

Howard Marks  
Phone: +61 2 9257 7109  
Mobile: +61 402 438 019

Michael Leonard  
Phone: +61 2 9257 5207  
Mobile: +61 466 773 093

# Investor

strategy day

25 May 2017

---

# Agenda

9.00 am	AMP strategy	Craig Meller, CEO
9.20 am	China	President Su, China Life Beng Neoh, MD North Asia, AMP Capital
10.00 am	Australian Wealth Management	Jack Regan, Group Executive, Advice Paul Sainsbury, Group Executive, Wealth Solutions and Customer
11.25 am	Morning tea (webcast paused)	
11.40 am	AMP Bank	Sally Bruce, Group Executive, AMP Bank
12.00 pm	AMP Capital – Multi-Asset Group goals-based fund – Real Estate	Adam Tindall, CEO, AMP Capital Sean Henaghan, CIO and Director Multi-Asset Group Carmel Hourigan, Global Head of Real Estate
12.45 pm	CEO close	Craig Meller, CEO
1.00 pm	Lunch	

A photograph showing the lower legs and feet of an adult and a child on a light-colored wooden floor. The adult's foot is on the left, wearing a blue denim shoe. The child's feet are on the right, wearing white socks. The child's right foot is slightly raised as if stepping.

Our purpose

Helping people own tomorrow

# AMP strategy

**Trends:** Demographic, social, behavioural, regulatory and technology

## Portfolio priorities

- Large and growing markets
- Rational competition
- Distinctive competitive advantage

## Strategic priorities

- Tilt to higher growth, capital light businesses
- Complete customer transformation
- Expand internationally
- Costs

---

# AMP tomorrow

Strong foundation for growth: #1 Super | #1 Advice | #1 SMSF | #2 Retirement income

## Domestic growth

- Continued leadership of Australian wealth management:
  - New revenue streams (advice and SMSF)
  - Goals-based advice operating system driving greater productivity, and cashflows
- Integrated debt and investment solutions in goals-based offers
- Intermediated retail banking provider of choice

## International growth

- **Europe and North America:** via higher margin infrastructure and real estate assets
- **China:** pensions and asset management through partnership with China Life
- **Japan:** retail and institutional partnership with MUTB
- Opportunity to leverage new wealth operating system

Streamlined higher growth, capital light, internationally diverse portfolio

# AMP Strategy 2017 – 2022

## Challenges

Environment

- Global scale in insurance
- Intensifying competition
- Commoditisation of financial platforms
- Shift to passive investment management
- Increasing regulatory scrutiny and requirements

## Strong underlying thematics

- Ageing population (doubling of 60+ by 2050)
- Mandated doubling of Australian superannuation system by 2026
- Australian economy growing at 3%
- Increasing consumer demand for transparency, value, choice and experiences
- Global capital in search of true alpha
- Technology driving efficiency opportunities

## Emerging opportunities

- Structural search for yield due to ageing demographics
- Exposure to Chinese domestic growth
- Rise of consumer experience
- Technology and business model disruption

## Helping people own tomorrow

### Manage for value and capital efficiency

Strategy	Wealth Protection	New Zealand	Mature
	<ul style="list-style-type: none"> <li>- Leading market position with margins under pressure from scale global players</li> </ul>	<ul style="list-style-type: none"> <li>- Strong position in highly competitive, low growth market</li> </ul>	<ul style="list-style-type: none"> <li>- Large stable profit and capital pool with high margins but naturally declining book</li> </ul>
	<ul style="list-style-type: none"> <li>- Continue progressive reinsurance to release capital</li> <li>- Focus on pricing, claims and lapse management to improve margins</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to manage for yield and cost efficiency</li> <li>- Explore reinsurance opportunities</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to manage for yield and capital efficiency</li> </ul>

### Invest to grow

Goals-based advice			
AMP Bank	Australian Wealth Management		AMP Capital
<ul style="list-style-type: none"> <li>- High growth retail bank</li> </ul>	<b>Advice strategy</b> <ul style="list-style-type: none"> <li>- Largest adviser footprint in Australia</li> </ul>	<b>Platforms &amp; O/S</b> <ul style="list-style-type: none"> <li>- Comprehensive offering: retail, corporate super and SMSF</li> </ul>	<ul style="list-style-type: none"> <li>- Strong multi-asset group (MAG) capabilities</li> <li>- Strength in real assets</li> </ul>
<ul style="list-style-type: none"> <li>- Organic growth via integrated goals-based solutions</li> <li>- Become provider of choice to advisers and brokers</li> <li>- Conservative risk, funding and capital settings</li> </ul>	<ul style="list-style-type: none"> <li>- Greater participation in advice value chain</li> <li>- Drive productivity via technology</li> <li>- Drive professionalism and broaden offer</li> <li>- Strengthen governance and compliance</li> </ul>	<ul style="list-style-type: none"> <li>- Invest to further enhance platform competitiveness</li> <li>- Goals-based O/S</li> <li>- Increase channel choice</li> <li>- Price for volume</li> <li>- Grow revenue from SMSF</li> <li>- Simplification and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>- Extend MAG capabilities</li> <li>- Create and manufacture innovative goals-based funds</li> <li>- Grow domestic real assets footprint</li> <li>- Evolve and focus public market strategies</li> </ul>

### Leverage to drive new growth

Global Inv. Mgmt.	Asian Partnerships	Global O/S & Advice
<ul style="list-style-type: none"> <li>- Globally recognised capabilities in infrastructure and property</li> </ul>	<ul style="list-style-type: none"> <li>- Trusted partnerships with China Life and MUTB</li> </ul>	<ul style="list-style-type: none"> <li>- International opportunity for innovative O/S</li> </ul>
<ul style="list-style-type: none"> <li>- Accelerate growth in Europe, North America and Asia</li> <li>- Organic and inorganic growth in high margin real assets</li> </ul>	<ul style="list-style-type: none"> <li>- Grow and extend partnership with China Life</li> <li>- Enhance MUTB partnership to drive greater value</li> </ul>	<ul style="list-style-type: none"> <li>- Accelerate completion of O/S</li> <li>- China Life O/S opportunity</li> <li>- Seek partnering with other leading O/S players</li> <li>- Explore options to disrupt overseas</li> </ul>

Focus on customer, cost and capital

O/S = operating system





# China

**President Su**, China Life Pension Company  
**Beng Neoh**, Managing Director North Asia, AMP Capital

---

## Our strategy in China



- Presence in China since 1997
- Adopted long-term, capital-light strategy
- Activities have closely followed China's financial services liberalisation
- Strategic partnership with China Life Group brings strong brand and distribution presence

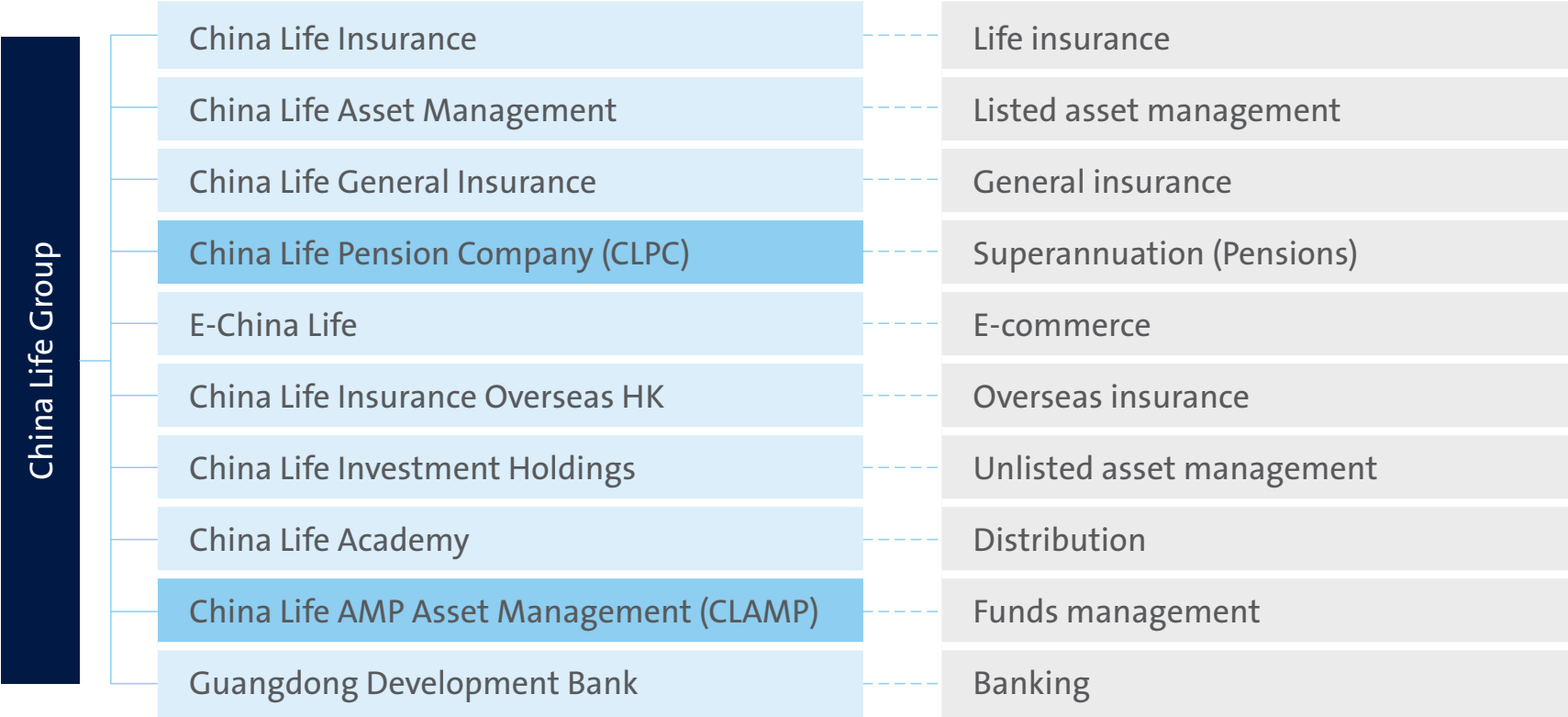
---

## Why China Life?

- Largest financial services company in China outside the big 4 banks – the 5th pillar
- 200 million customers, national coverage, with distribution force of 2 million people
- Manages over RMB 5 trillion in assets
- World's largest listed life insurance company by market capitalisation
- Ranked #54 in Global Fortune 500 companies in 2016



# China Life Group





# China Life Pension Company (CLPC)

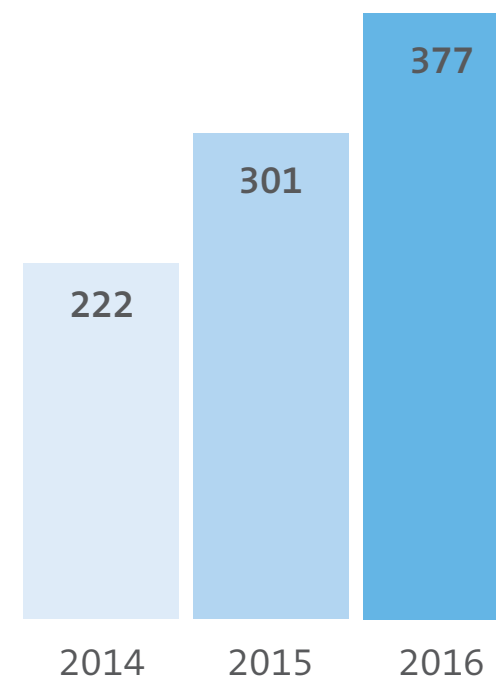
Trustee, investment management and account admin services in pensions

**President Su, China Life Pension Company**

## CLPC overview



- Established in 2007, now the largest pension insurance company in China
- AMP purchased 19.99% strategic stake in January 2015 for AUD\$237 million
- Competes for pension (superannuation) business across all of China's 3-pillar system
- Continuing to invest to capture future growth and market share



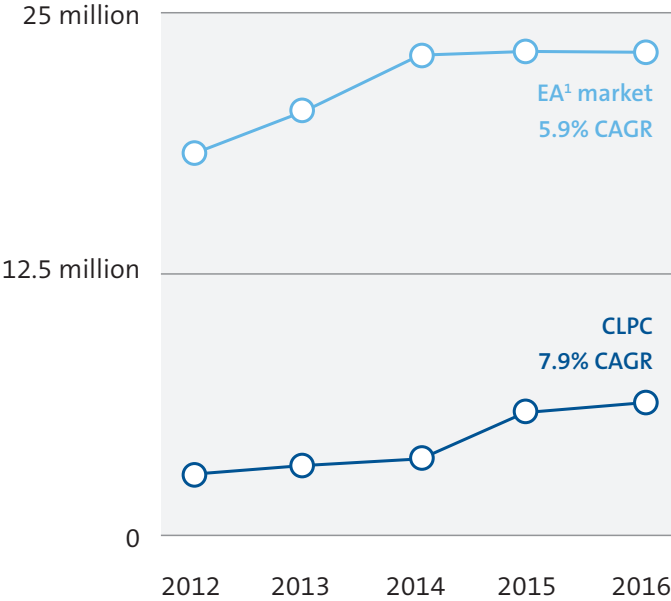
Total combined AUM<sup>1</sup> (RMB billion)

1 Enterprise Annuities (EA) trustee, Enterprise Annuities (EA) investment management and individual pension product

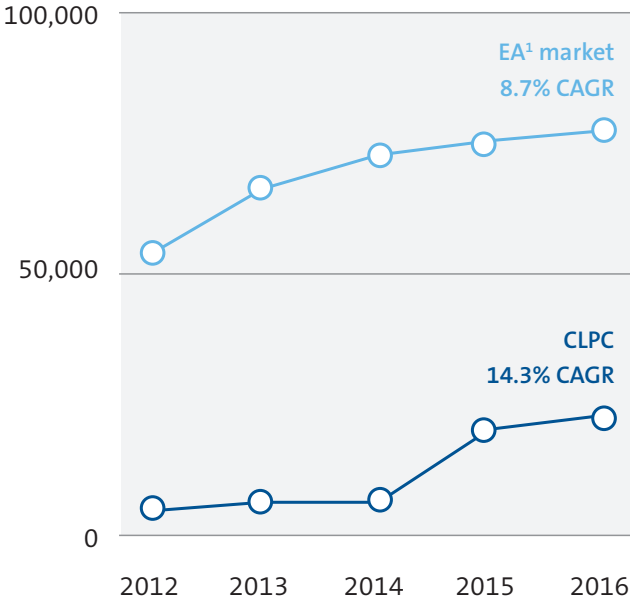
# CLPC is growing well above system



CLPC has grown above average system rates over the past 5 years



Growth in new members



Growth in new enterprises

1 EA – Enterprise Annuities

## A pension system to respond to a rapidly ageing population

	2017	By 2030
Population	1.38 billion	1.45 billion
Median age	36	43
60+ age group	16.7%	25% of total current population

- China's pension system facing significant structural issues
- Population ageing with very low pension balances
- China's evolving pension market is following similar reform path to Australia's



# China's pension industry

	<b>Pillar 1</b> Compulsory Basic Pension	<b>Enterprise Annuities (EA)</b>	<b>Pillar 2</b> Occupational Pensions (OP)	<b>Pillar 3</b> Individual Pension Product (IPP)
Compulsory/voluntary	Compulsory	Voluntary	Compulsory	Voluntary
Applicable to	Chinese citizens	Corporate staff	Civil servants	Individuals
Responsible entity	Government	Corporates and individuals		Individuals
Established	1997	2004	2016	
Source of contributions	Compulsory contribution from individuals and employers, fiscal subsidies	<ul style="list-style-type: none"> <li>– Employers: max 8% salary</li> <li>– Individuals: max 4% salary</li> </ul>	<ul style="list-style-type: none"> <li>– Employers: max 8% salary</li> <li>– Individuals: max 4% salary</li> </ul>	Individuals
AUM and coverage	RMB 3.9 trillion 858 million people (end of 2015)	RMB 1 trillion 23 million people (September 2016)	Estimated to be 40 million employees with annual contributions in excess of RMB 200 billion once fully implemented	Part of broader wealth management market

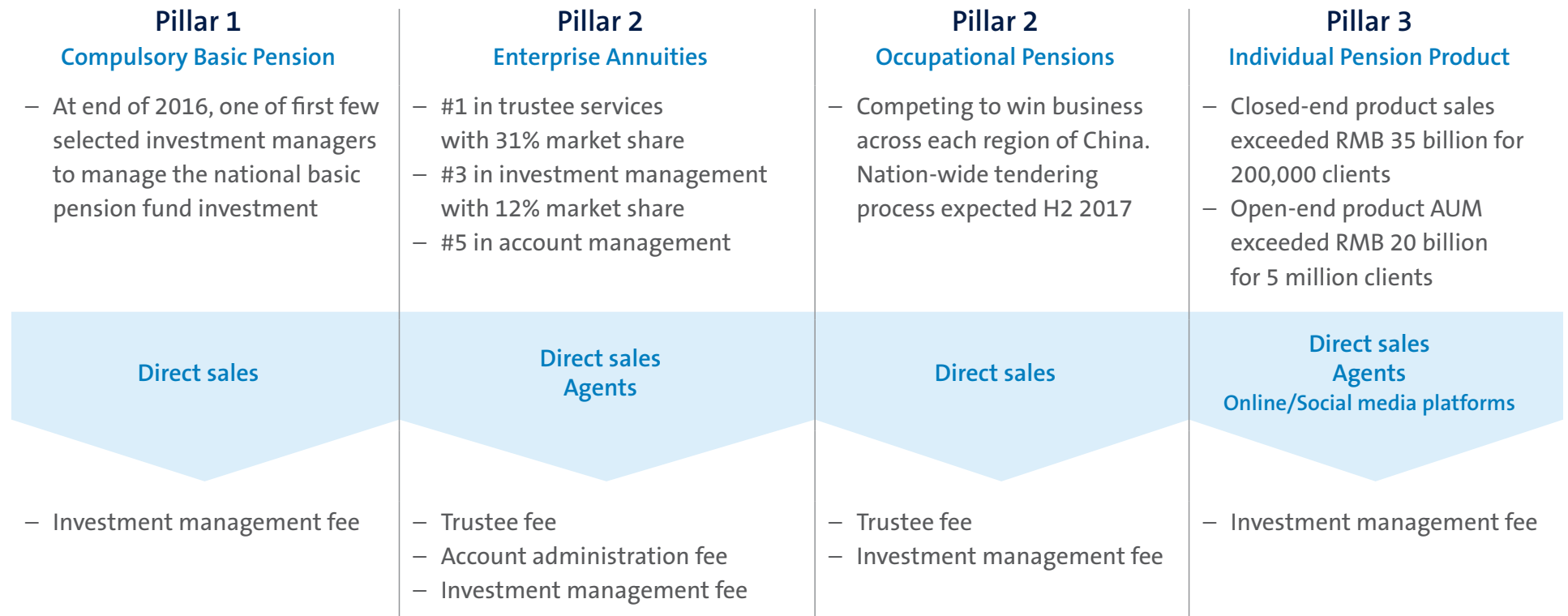
---

## Licensing introduced for Pillar 2 providers

- CLPC business focused on Pillar 2 market
- In 2004 China introduced licensing requirements to compete in the Pillar 2 market (4 licences)
- CLPC licensed across the three most important segments of Trustee, Investment Management and Account Management
- Pension industry protected from margin squeeze by a minimum pricing requirement

Regime	Participants	Minimum pricing for service
Trustee licence	11	– 10 bps
Investment management licence	21	– 60bps where solution includes domestic equities (up to 30%) – Similar to MySuper active solutions in Australia
Account management licence	18	– RMB 1 per member account per month
Custodian licence	10	

# CLPC performance





## Outlook for Pillar 2 pension system

- Shift of workers from rural to urban continues
- Urban population grew 18% in the last 3 years
- Pillar 2 not currently compulsory, current penetration of Pillar 2 solution ~6%
- Upcoming implementation of Occupational Pensions (OP) is the first sign of compulsion in China
- 40 million civil servants through OP will drive approximately RMB 200 billion in annual contributions



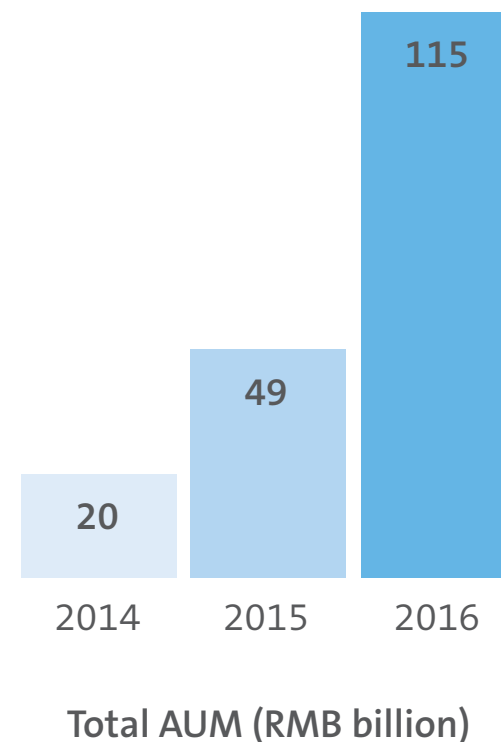
# China Life AMP Asset Management

Mutual fund products and separately managed accounts

## CLAMP overview



- Established October 2013, CLAMP is the fastest growing new funds management company in China
- AMP founding partner with 14.97% stake for AUD\$14 million
- Distributes and manages investment solutions for retail and institutional clients
- CLAMP now a Top 30 fund manager in an industry with over 100 participants

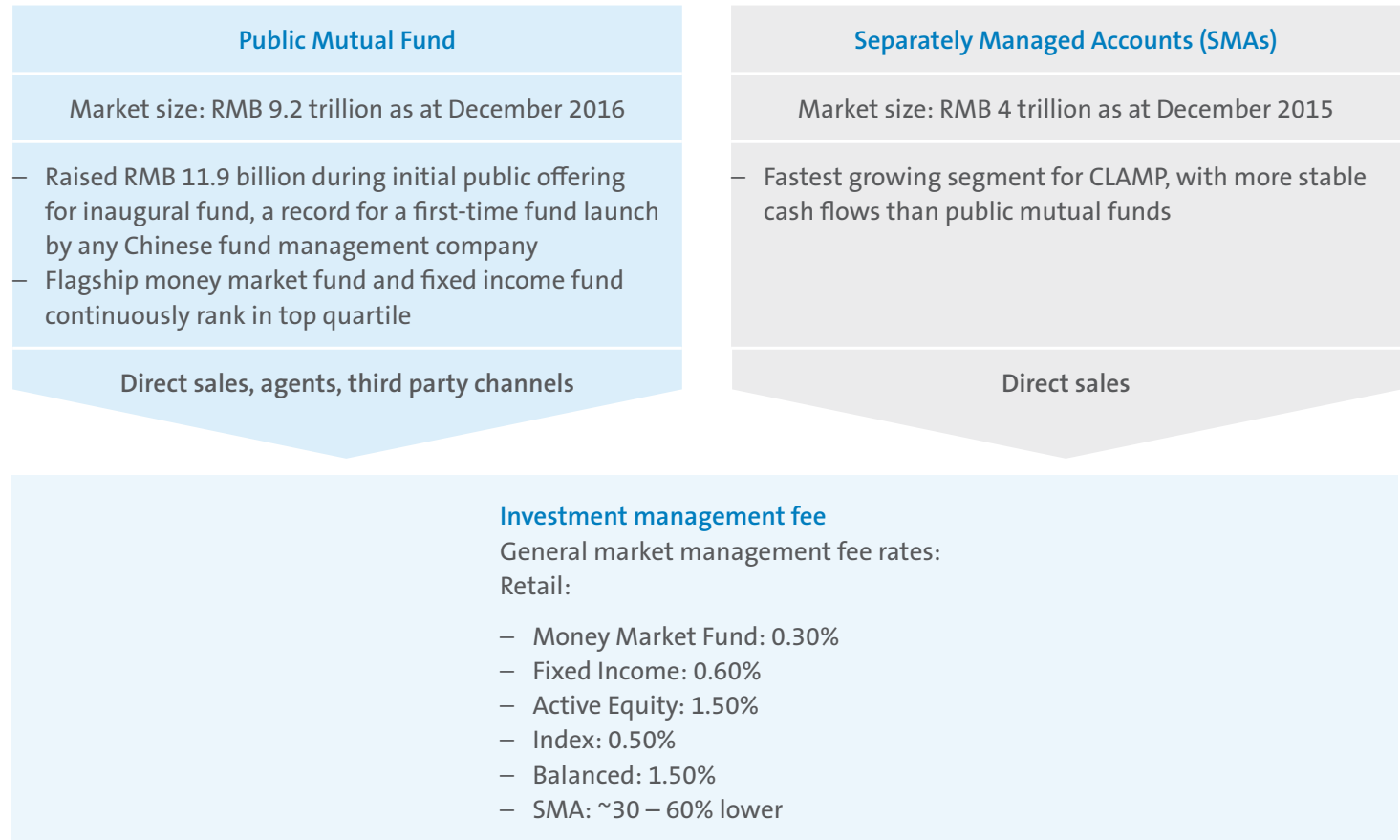


# CLAMP performance

- Launched more than 60 funds since inception
- Over 1 million retail investors
- 3,000 wholesale/institutional investors in China

CLAMP currently has various offerings through both SMA and retail channels covering:

- Money Market
- Fixed Income
- Active Equity
- Index
- Balanced funds





# Future outlook



---

## Strong growth outlook for our business in China

	Core business areas	Drivers of future outlook
CLPC	Offers pension solutions for corporate, institutional and retail clients	<ul style="list-style-type: none"><li>– Retail pension: current penetration is negligible</li><li>– Retirement age reforms</li><li>– Demographics – the one-child policy has created ‘4-2-1’ families where the children cannot support their parents who must plan their retirement</li><li>– Changing expectation to be more self-sufficient in retirement</li><li>– Anticipated further tax incentives</li></ul>
CLAMP	Offers domestic and international funds in listed assets to retail and institutional clients	<ul style="list-style-type: none"><li>– Chinese population saves on average 40% of income. As the economy matures, savings looking for investment opportunities beyond traditional bank deposits</li><li>– Chinese government encouraging development of local capital markets</li><li>– Growth in asset base of local institutional investors (i.e. insurance companies, pension companies) looking to invest internationally</li><li>– CLAMP received Qualified Domestic Institutional License (QDII) allowing Chinese capital to be invested offshore. While CLAMP still awaits their quota from regulators, AMP Capital is working closely with CLAMP on potential offering in this market</li></ul>

---

## Future outlook for our business in China

	Inbound	Outbound	Domestic
<b>Strategy</b>	<ul style="list-style-type: none"> <li>– A trusted investment partner to invest internationally sourced capital in China</li> </ul>	<ul style="list-style-type: none"> <li>– A preferred manager for Chinese offshore investments</li> </ul>	<ul style="list-style-type: none"> <li>– A trusted strategic partner for China Life</li> </ul>
<b>Drivers of future outlook</b>	<ul style="list-style-type: none"> <li>– Increasing demand for Chinese assets when China is included in global market indices</li> </ul>	<ul style="list-style-type: none"> <li>– Increasing need for Chinese financial services company to invest offshore as regulations permit over time</li> <li>– China’s 3 sovereign wealth funds, with more than RMB 6 trillion in AUM, will also increase their offshore investment</li> </ul>	<ul style="list-style-type: none"> <li>– Ongoing strong growth from our two businesses</li> <li>– AMP continues to explore cooperation in other areas with China Life</li> </ul>
<b>Potential sources of income for AMP</b>	<ul style="list-style-type: none"> <li>– Distribution fee</li> <li>– Investment management fee where CLAMP is the investment manager</li> </ul>	<ul style="list-style-type: none"> <li>– Investment management fee</li> </ul>	<ul style="list-style-type: none"> <li>– Increase in value of equity stakes</li> <li>– Future dividends</li> <li>– Potential inbound and outbound cashflow opportunities</li> </ul>

---

## Future outlook

- China pension industry set for rapid growth due to an ageing demographic
- China extremely focused on broadening and deepening its financial services industry, increasing customer share of wallet
- Outlook very positive for AMP's two businesses CLPC and CLAMP
- CLPC business expected to benefit from its strong position in the fast growing pension market
- Ambition to grow CLPC AUM by over 20% pa over the next 5 years and continue to be the market leader in China's pension market
- CLAMP business expected to continue growing strongly, extending its broad product offering. Intention to become a top 20 investment manager in China within 3 years
- AMP targeting earnings of around \$50 million per annum from the China businesses within 5 years

A man and a woman are sitting on a light-colored sofa in a living room. The man is holding a white document and pointing at it, while the woman looks on. In front of them is a white coffee table with a laptop and a calculator on it. The room has a yellow rug and a wooden coffee table in the background. The entire image has a light blue overlay.

# Australian wealth management

Craig Meller, CEO

# Driving new economics in wealth management


	Growth as % of average AUM		
Investment markets	+8%		
Customer fees	-1%		
Margin compression	-4%		
Net cashflow	+2%	Advice and SMSF contribution	2%
Other revenue	0%		
Growth	5%		
@ 45% cost to income <sup>1</sup>	x 1.8		
Annual operating earnings growth	9%		

Figures reflect back-tested actuals 2012 – 2017 (rounded)


1 Actual FY16 cost to income ratio: 45%

---

## Driving wealth management performance



Improve  
productivity  
of our model



Drive new  
revenue  
streams

A woman with short brown hair, wearing a light blue top, is smiling and looking towards two other people seated across from her at a table. The setting appears to be a modern office or meeting room with a bookshelf in the background. The text 'ARCHITECTURE' is visible on a book spine. The overall scene is dimly lit, suggesting an evening or indoor lighting.

# AMP Advice and channel strategy

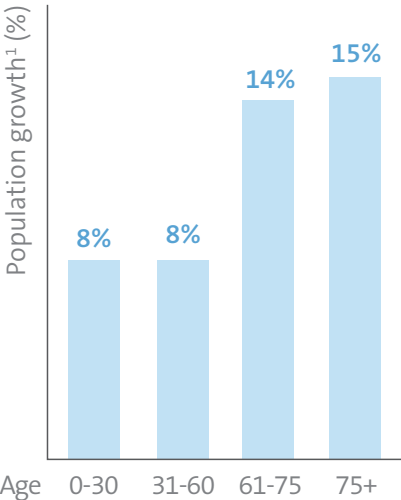
Jack Regan, Group Executive, Advice and New Zealand

# More advice to more Australians more often

Need for advice has never been greater...

... but the role of face-to-face advisers is changing

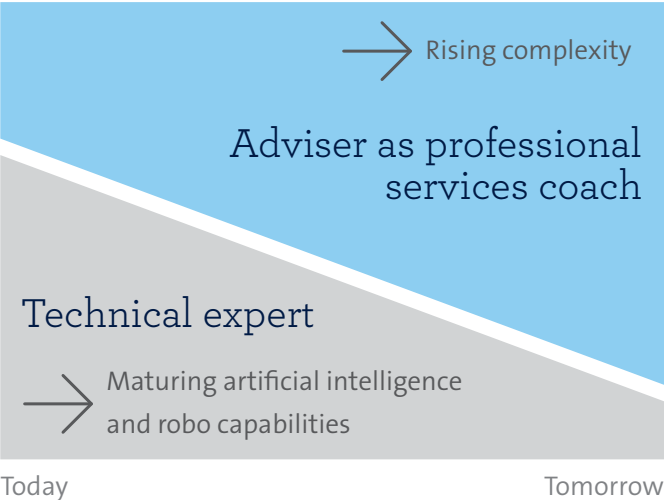
Population growth in older age brackets



Rising financial complexity



Positive impact of advice<sup>2</sup>



1 ABS, 2017 – 2022  
 2 Blackrock Global Investor Pulse Survey, 2013



# Our advice distribution environment

## Headwinds

- Regulatory scrutiny
- Public perception of advice
- Value chain disruption post FOFA
- Competition and margin compression

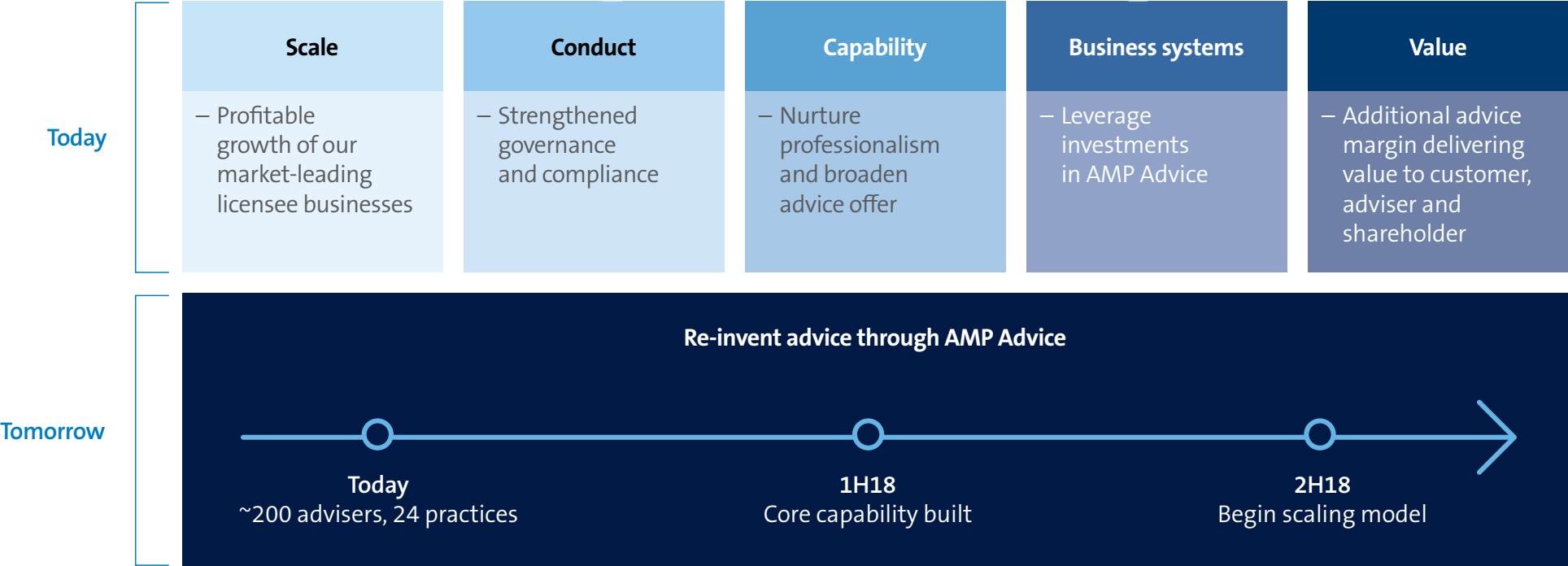
## Success factors of the future



## Opportunities from disruption

- Professionalism
- Increasing financial complexity
- Automation and analytics
- Digitisation and mobile

# Advice strategy: balancing today and tomorrow



# Delivering on the key success factors today

Scale	Conduct	Capability	Business systems	Value
<ul style="list-style-type: none"> <li>– #1 adviser numbers<sup>1</sup></li> <li>– #1 advised AUM and inforce premium<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>– First to introduce independent oversight of complaints</li> <li>– First to commence ethical training for advisers</li> </ul>	<ul style="list-style-type: none"> <li>– One of first to move on higher education standards</li> <li>– Well above industry standard for professional accreditation across network<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>– Current focus area for investment (partnership with Salesforce)</li> </ul>	<ul style="list-style-type: none"> <li>– Actively advised customers have NPS 3x higher than non-advised</li> <li>– Revenue per adviser 12% above peer average<sup>2</sup></li> <li>– Licensee cost-to-income ratio 17% below peer median<sup>2</sup></li> </ul>
				

1 ASIC Financial Adviser register

2 Source: Comparator – 2016 performance benchmark for financial planning businesses report

## Broad market offering with value concentrated in our core licensees

As at Dec 2016	Target market	Advisers	Mortgage consultants <sup>1</sup>	Total AUM (billion)	AUM per adviser (million)
AMP Advice	Goals-based	203	13	\$9bn	\$46m
AMP Financial Planning	Core licensee offer	1,516	482	\$57bn	\$38m
Charter Financial Planning		783	29	\$21bn	\$27m
Hillross		337	18	\$14bn	\$41m
<b>Total (core licensees)</b>		–	<b>2,839</b>	<b>542</b>	<b>\$101bn</b>
Jigsaw	Self licensed	109	21	\$1bn	\$9m
SMSF Advice	Accountants	130	5	N/A	N/A
<b>Total (licensee services)</b>	–	<b>239</b>	<b>26</b>	<b>\$1bn</b>	<b>\$4m</b>

1 Includes double count of 395 mortgage consultants included as advisers

# Driving performance today

## Grow our market-leading licensee businesses

Scale	Conduct	Capability	Business systems	Value
Profitable growth	Strengthened governance and compliance	Professionalism and broader advice offer	Productivity underpinned by technology	Participate in advice value chain
				
<ul style="list-style-type: none"> <li>– Breadth of adviser value propositions</li> <li>– Refreshed recruitment</li> <li>– Start-up offers</li> </ul>	<ul style="list-style-type: none"> <li>– Risk-based audits</li> <li>– Analytics and key risk indicators</li> <li>– Systemised approach to advice</li> </ul>	<ul style="list-style-type: none"> <li>– Professionalism with FASEA</li> <li>– AMP Academy and career pathways</li> <li>– Debt, cashflow and budgeting advice capability</li> </ul>	<ul style="list-style-type: none"> <li>– Practice management solution (Salesforce)</li> <li>– Leveraging technology investments from new goals-based operating system</li> <li>– Scoped advice capability</li> </ul>	<ul style="list-style-type: none"> <li>– Integrated servicing to support succession</li> <li>– Equity participation to drive mutual revenue growth</li> <li>– Increase share of advice margin from AMP Advice</li> </ul>

---

# Driving performance today: business systems

## Partnering with Salesforce to reimagine advice practice management

### Advice practice functions



Client information



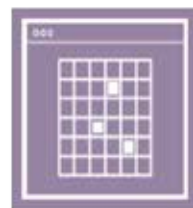
Document management



Ongoing client account management



Practice and client communications



Marketing and campaigns



Practice and product information



Workflow and diary management



Compliance and risk management



Reporting and analytics



Practice revenue management



Practice operations performance management



Mobility

### Single practice management solution



# AMP is the natural home for advice

Our aspiration

More advice to more Australians more often

Strategy for today

<p><b>Scale</b></p> <p>Profitable growth of our market-leading licensee businesses</p>	<p><b>Conduct</b></p> <p>Strengthened governance and compliance</p>	<p><b>Capability</b></p> <p>Nurture professionalism and broaden advice offer</p>	<p><b>Business systems</b></p> <p>Leverage investments in AMP Advice</p>	<p><b>Value</b></p> <p>Additional advice margin delivering value to customer, adviser and shareholder</p>
--	---	--	--	---

Strategy for tomorrow

Re-invent advice through AMP Advice

Growing advice margin

<p>Increase share of advice margin from AMP Advice</p>	<p>Equity participation to drive mutual revenue growth</p>	<p>Integrated servicing to support succession</p>
--	--	---

Our opportunity



The natural home of advice



# Platform strategy

**Paul Sainsbury**, Group Executive, Wealth Solutions and Customer



## Highly competitive, comprehensive platform and product offering

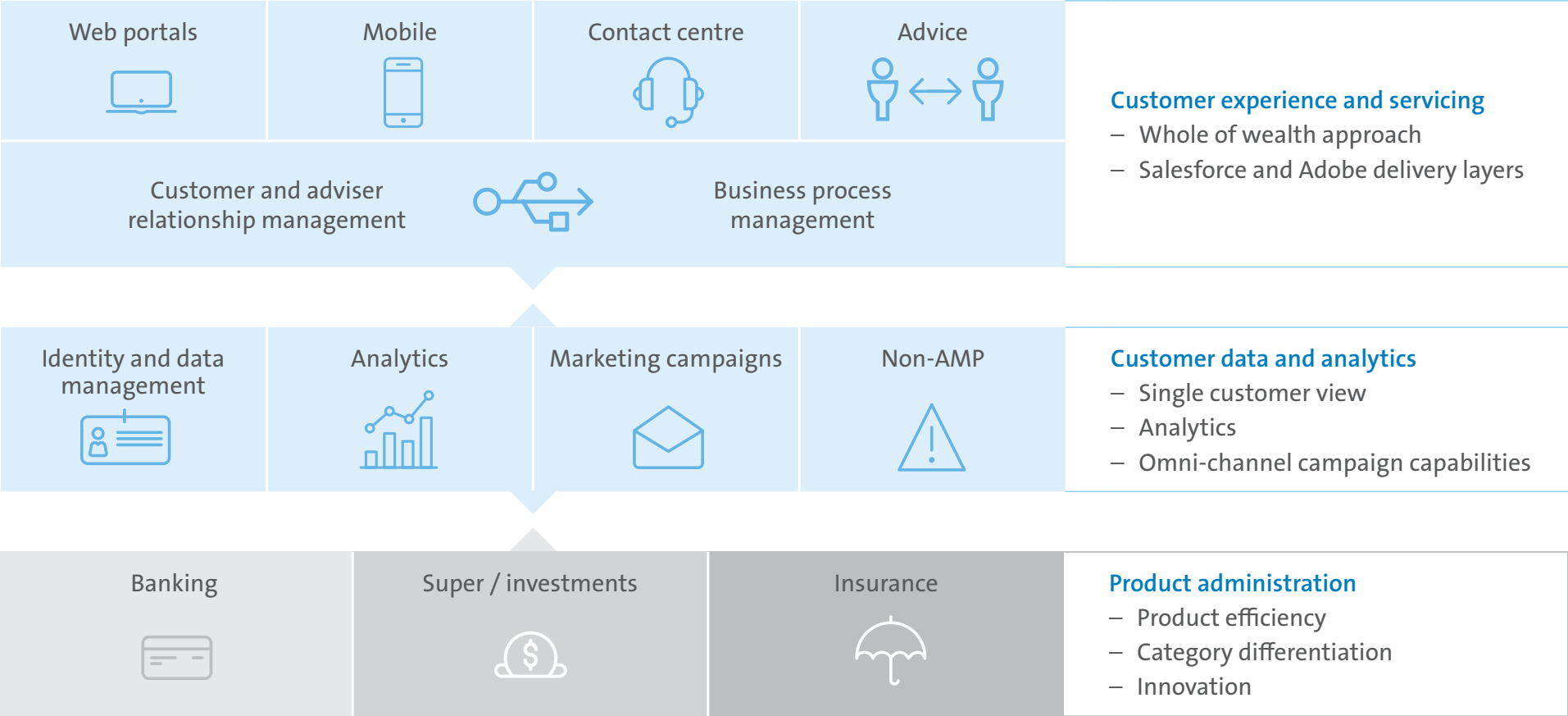
Category	Target segment	Market position	Industry recognition
Self managed	High net worth Mass affluent	Admin \$22.5 billion Rank #1 Software \$22.4 billion Rank #3	<a href="#">Core Data Awards (2016)</a> Winner Administrator of the Year (Member) Finalist in 4 other categories <a href="#">Selecting Super (2016)</a> Finalist SMSF Administrator of the Year
Retail	Mass affluent Mass	Retail Super \$64.5 billion Rank #1 Non Super \$15 billion Rank #6	<a href="#">Investment Trends (2017)</a> Best new functionality (MyNorth) <a href="#">Canstar (2017)</a> Outstanding value for account based pensions (AMP Flexible Super) <a href="#">Super Ratings (2017)</a> Platinum ratings: MyNorth (Super and Pension), Flexible Super (Retirement)
Workplace (Corporate)	Mass affluent Mass Youth	Retail Corp Super \$29.8 billion Rank #1	<a href="#">Heron Partners (2017)</a> Top rating: Corporate and pension products <a href="#">Super Ratings (2017)</a> Platinum rating: Signature Super and Signature Super Select

Source: Self Directed ATO Statistics and Market Analysis – December 2016, Retail and Workplace – Strategic Insight (Plan for Life, December 2016)

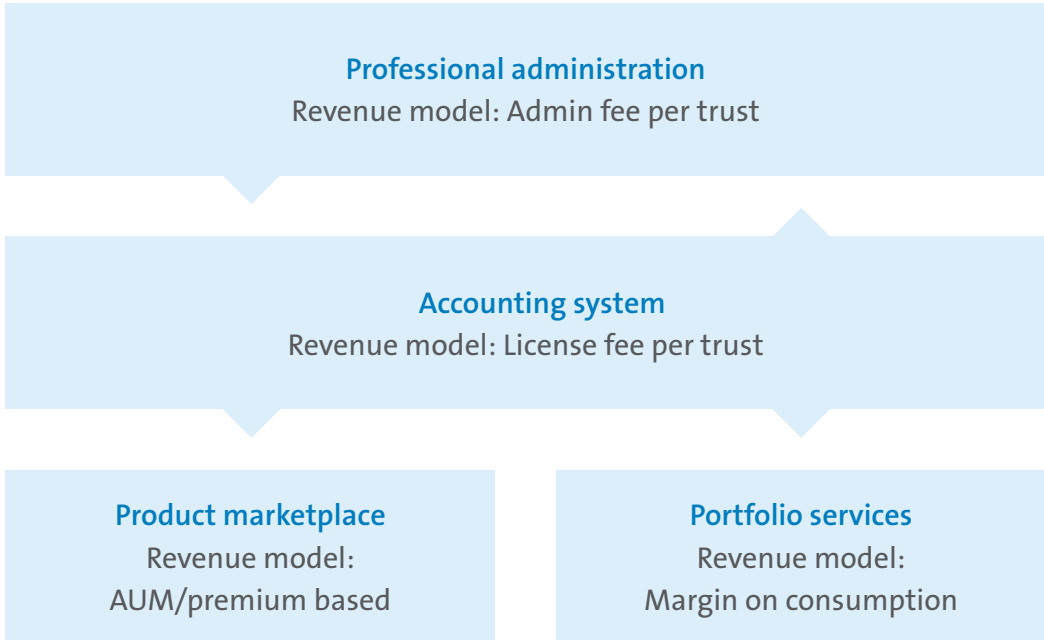
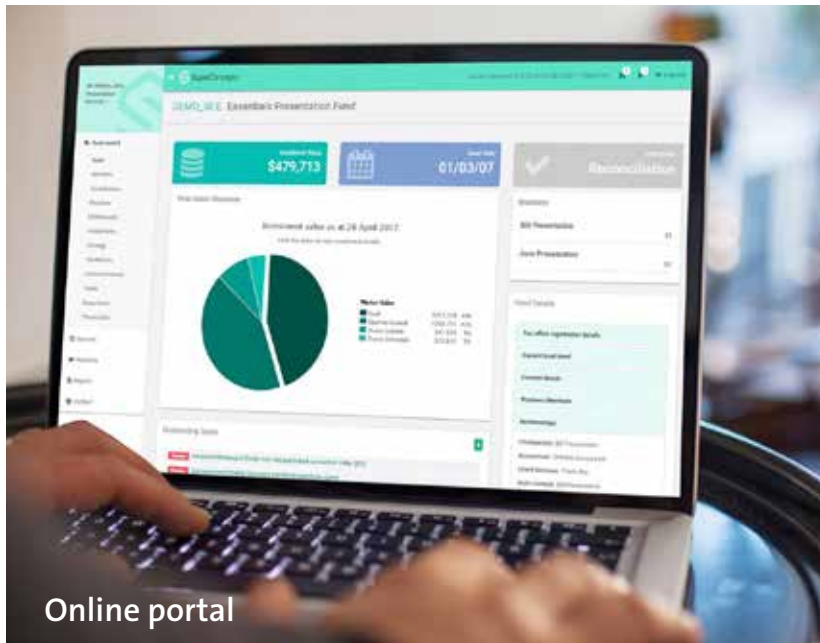
## Product and platform rationalisation drives efficiency – investment drives growth

Category	Systems		Products/Platforms		Channels		Enhancements (in progress)
	From	To	From	To	From	To	
Self directed	11	3	8	1	– Adviser – Accountant	– Adviser – Accountant – Direct	– Product marketplace – Portfolio services – Enhanced integration – Mobile access
Retail			11	3	– Adviser	– Adviser – Direct – Digital	– SMAs – Enhanced CMA – Tax optimisation – Adviser productivity
Workplace			9	2	– Adviser – Employer	– Adviser – Employer – Direct – Digital	– SME offer enhancements – Pension payment planner – Customer lifetime management – Phone-based advice

# Unbundling 'mega platforms' provides flexibility and agility



# New SMSF platform creates opportunity for revenue growth



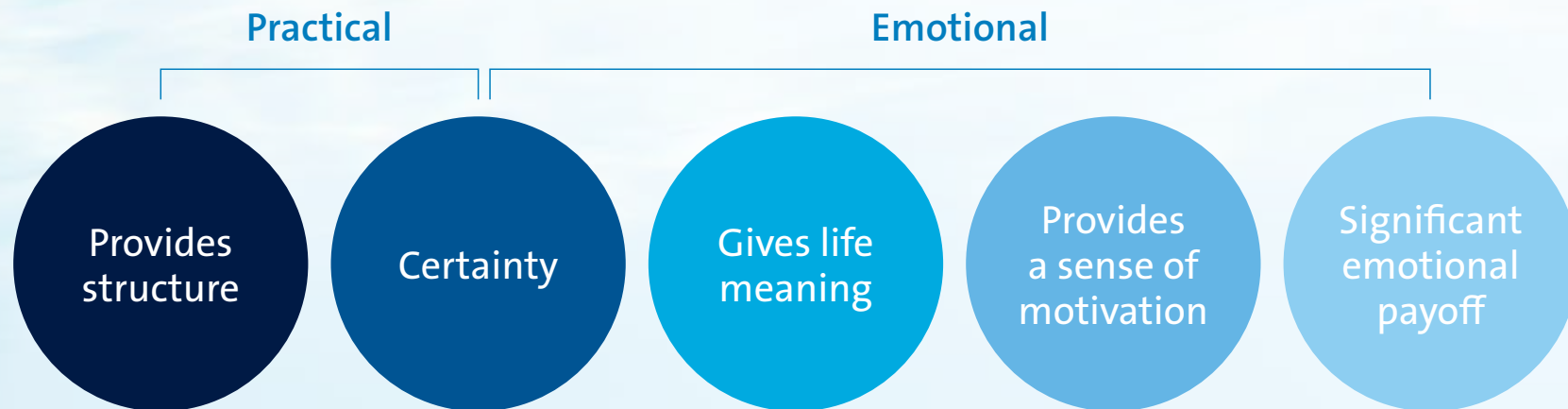
## Clear platform strategy to drive growth

- Scale in platforms – highly competitive, comprehensive offering
- Platform simplification drives efficiency
- Funded investment to maintain market-leading features and functionality
- Revenue growth equivalent to 1%+ of AUM from SMSF

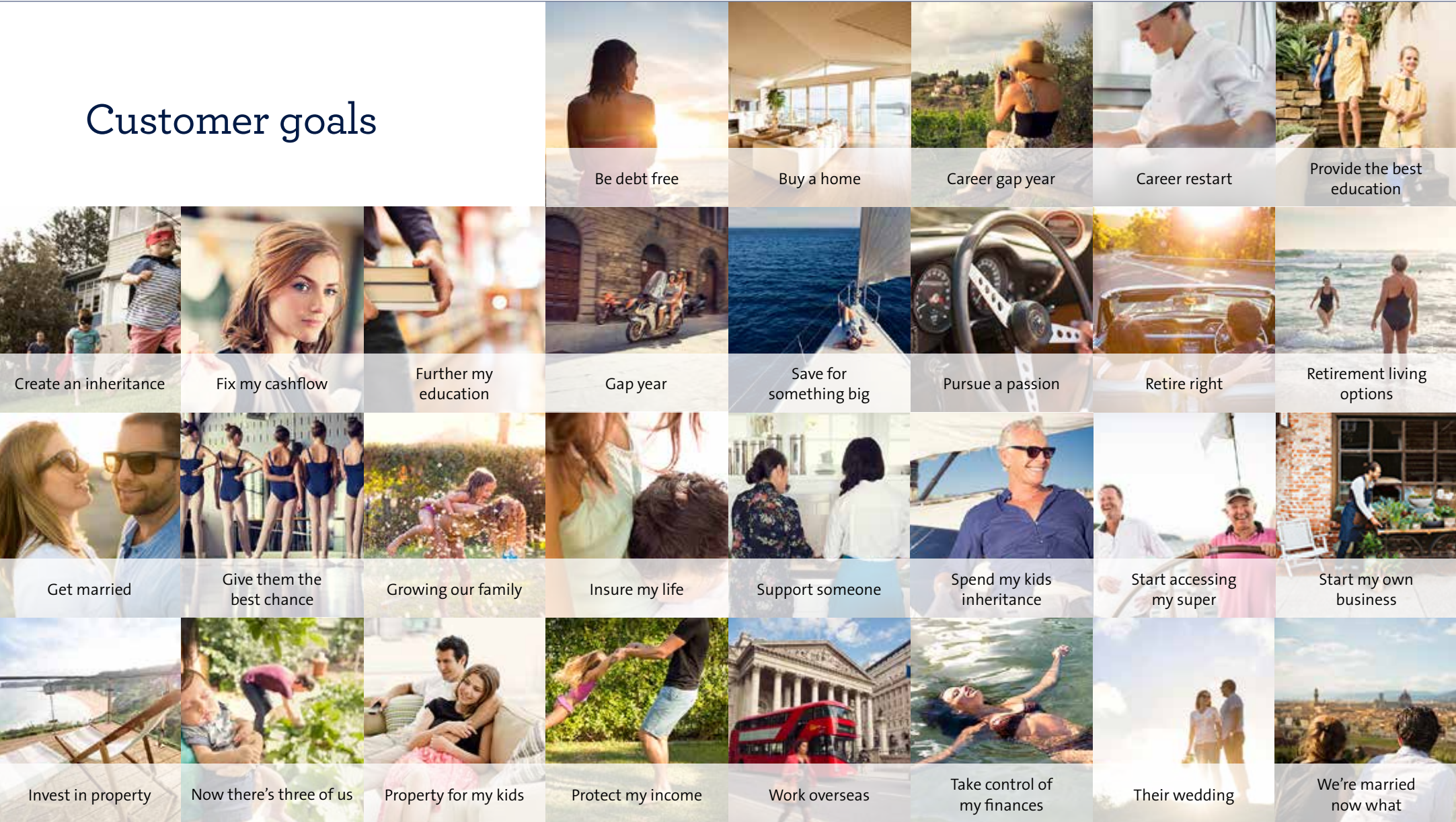


# Building the wealth manager of the future

## Why goals – the benefits



# Customer goals



Be debt free

Buy a home

Career gap year

Career restart

Provide the best education

Create an inheritance

Fix my cashflow

Further my education

Gap year

Save for something big

Pursue a passion

Retire right

Retirement living options

Get married

Give them the best chance

Growing our family

Insure my life

Support someone

Spend my kids inheritance

Start accessing my super

Start my own business

Invest in property

Now there's three of us

Property for my kids

Protect my income

Work overseas

Take control of my finances

Their wedding

We're married now what

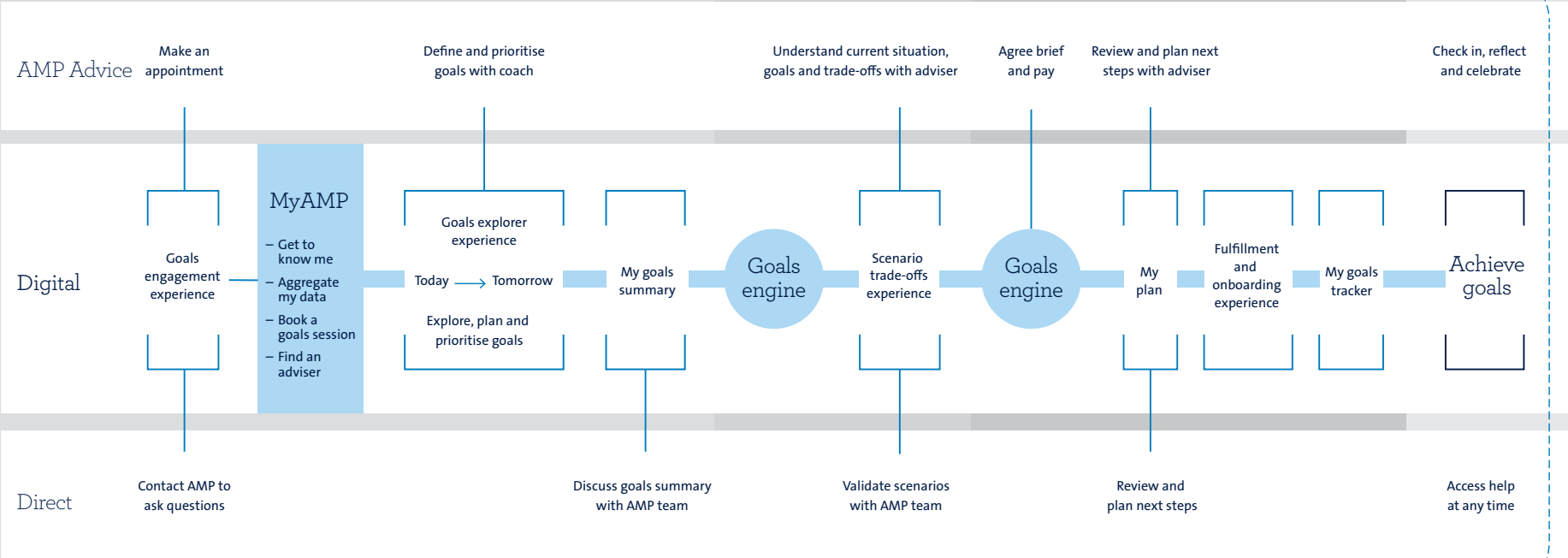


# AMP goals-based wealth operating system







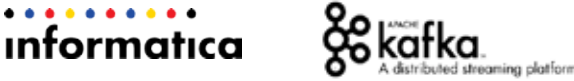
explore → plan → track → realise

Engage existing and new customers

Consider my goals

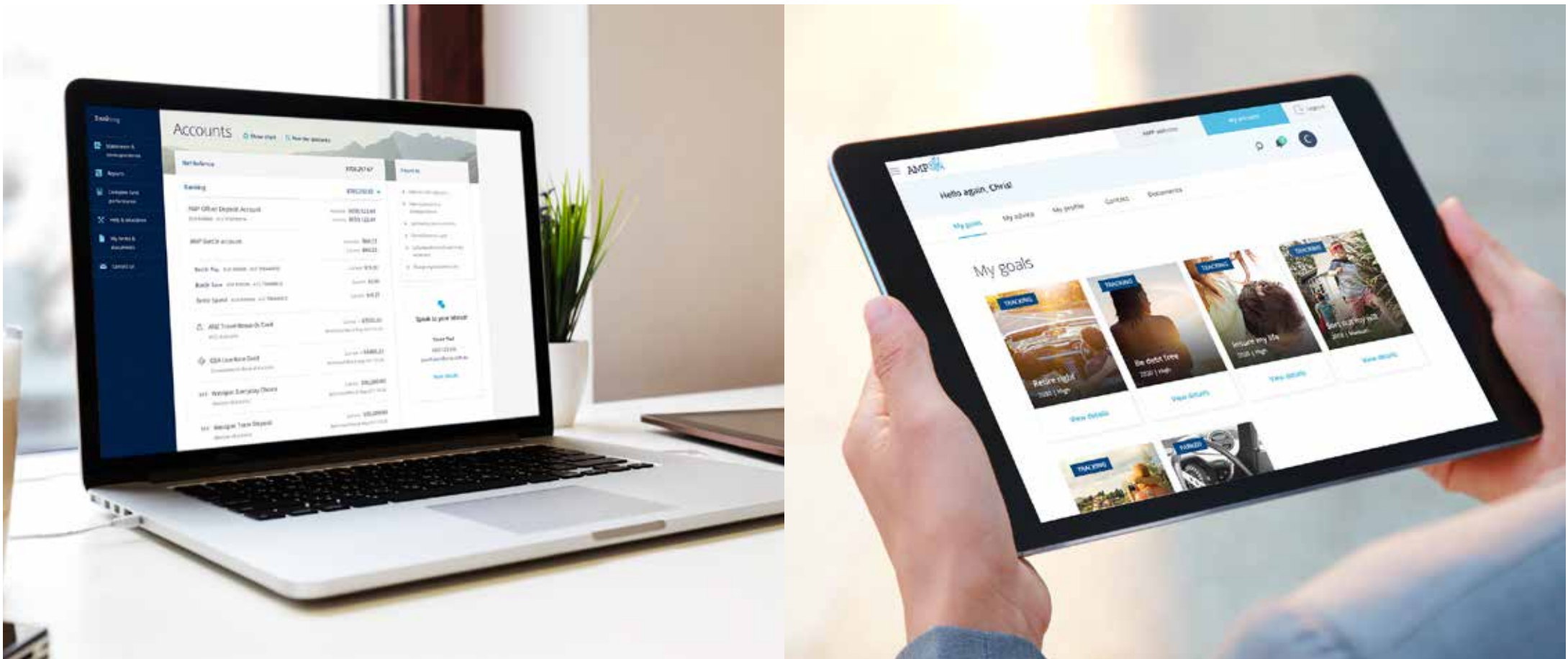


# Customer engagement supported by market-leading technology suite

Capabilities	Tools
Marketing automation and customer experience decisioning	
Data analytics and visualisation	
Structured data	
Data engineering	
Unstructured data	
Data lake storage	
Batch and real-time data ingestion	

- Contemporary technology model
- Cutting edge plug and play capabilities delivered via the cloud
- Flexibility to upgrade at low cost
- Real-time engagement across all contact channels

# Data aggregation supports our customers' most immediate needs



## AMP Goals Explorer blends technology and human 'coaching'



# Modelling engine transforms the delivery of goals-based advice

## Goal principles

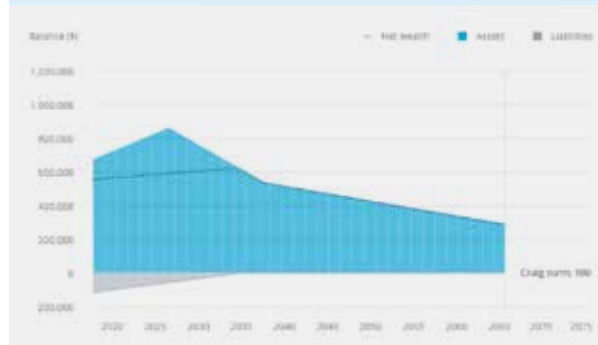
- Achievability of customers' goals is the benchmark for advice success
- Goals modelling enables decisions to be based on goal achievability

### Whole of wealth projections



- Determines ability to fund future goals
- Shows impact of uncertainty over time and importance of priority

### Intuitive, visualised advice decisions



- Provides data to allow objective and transparent decision making
- Visualises impact and value of advice in context of goals

### Innovative goals-based product solutions

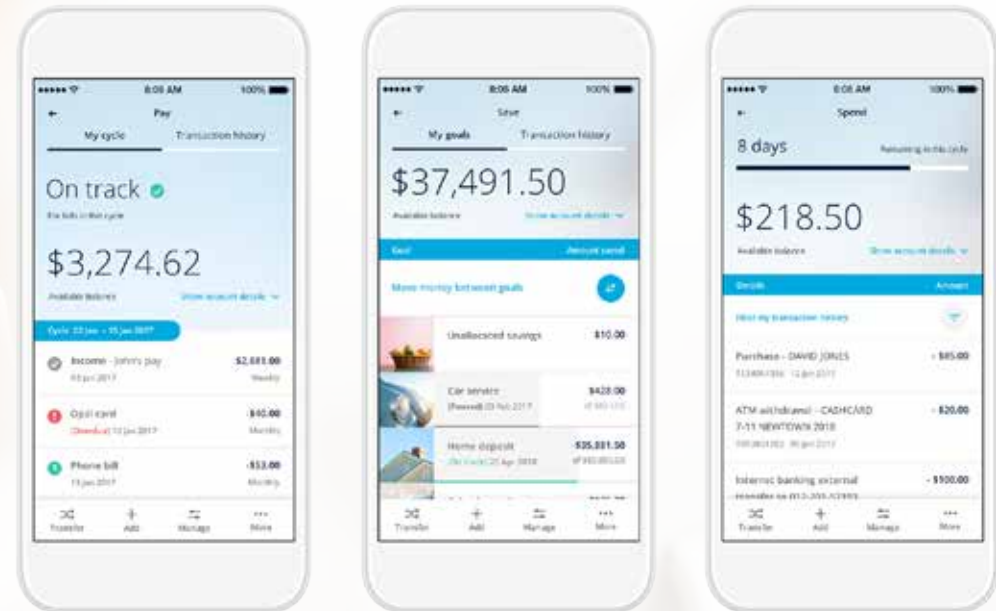


- Calculates investment, insurance and debt solutions to best support goal achievement
- Recommends products to meet individual goal requirements

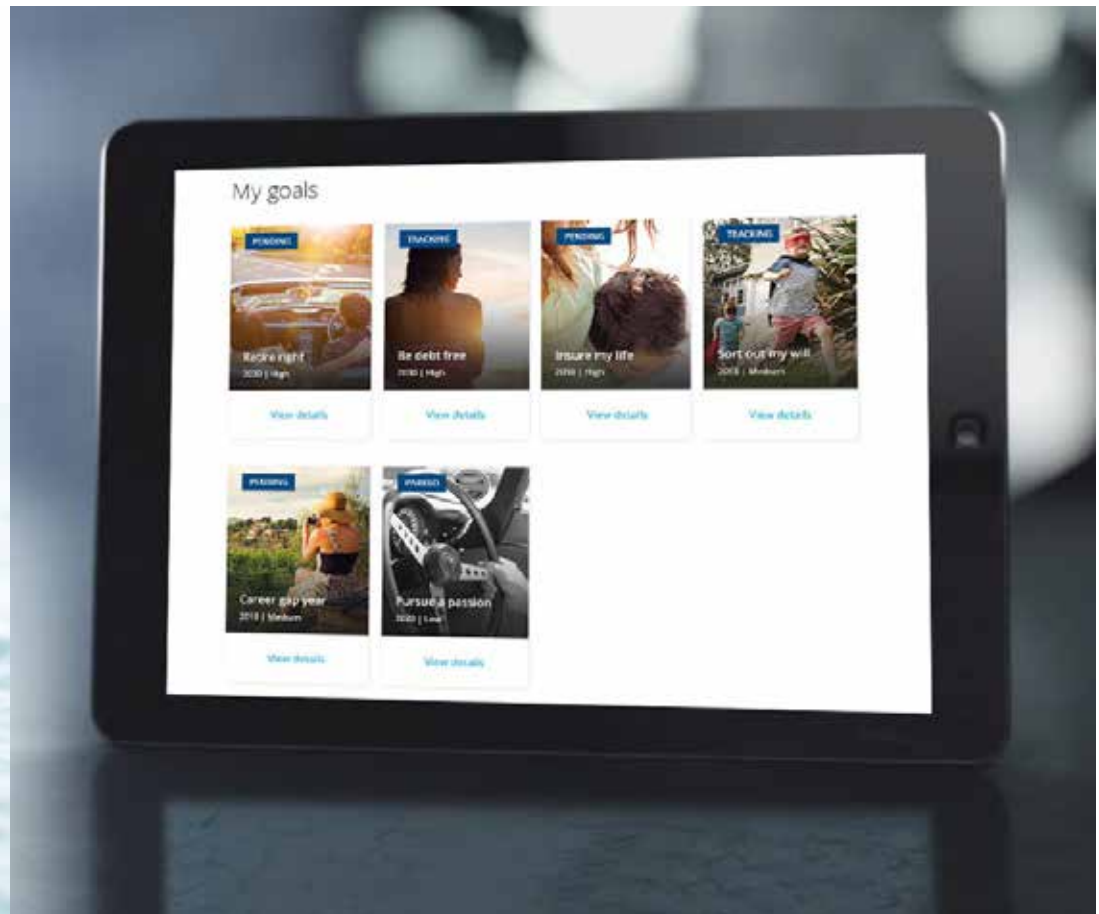
# Deep understanding of customer enables innovative product design

## Bett3r

- Manages money in Pay, Save and Spend buckets
- Digital online account opening
- Visualisation and in-app help change behaviour



# Ongoing engagement tools help track progress against goals

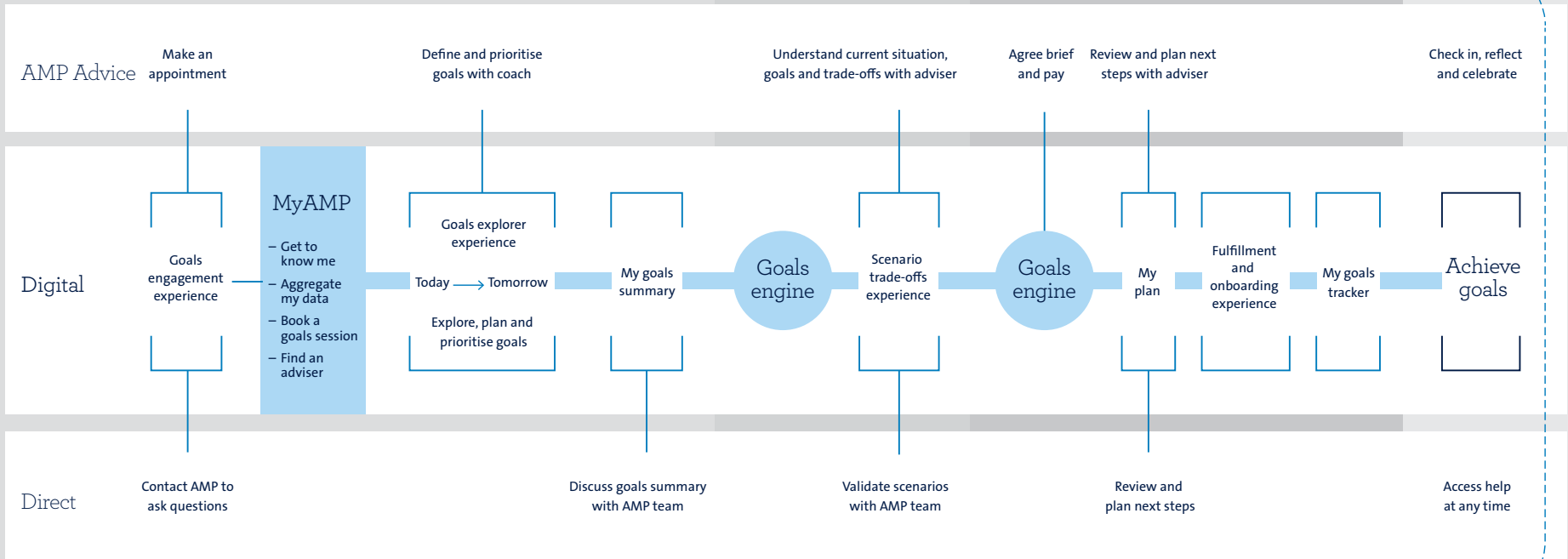


# Advice transformation substantially completed by end 2017

AMP Goals 360 explore → plan → track → realise

Engage existing and new customers

Consider my goals



Current	○	○	○	○	○	○	○	○	○	○	○	○
Forecast (end 2017)	○	○	○	○	○	○	○	○	○	○	○	○



## Building the wealth manager of the future

- Differentiated, highly engaging goals-based customer experience
- One system for customers, advisers and AMP
- True omni-channel experience – broadening customer channel choice (F2F, digital and direct)
- Optimal blend of human interaction and best-of-breed technology
- Drives efficiency, productivity, consistency and flows

A modern, multi-story building with a balcony and a blue sky background. The building has large windows and a balcony with a glass railing. The sky is a clear, deep blue with a few wispy clouds. The overall scene is bright and modern.

# AMP Bank

Sally Bruce, Group Executive, AMP Bank

---

## AMP Bank today – a bank within a wealth manager

### Strong profit growth/ momentum

- FY16 \$120 million OPAT  
↑15% YOY
- Q1 mortgage  
growth of 5%
- Q1 deposit growth 5%
- Earnings CAGR of 17.9%  
(2012–2016)
- >10% of Group earnings

### Established distribution capability

- Largest adviser  
network in Australia
- Strong broker network  
(+50% of all AMP Bank  
home loans)

### Growing market

- Credit growth 7%
- Less than 1%  
market share

### Strong balance sheet and risk position

- Deposit to loan  
ratio of 67%
- Conservative  
risk settings
- Home loans 90+  
days in arrears 35%  
lower than average  
of the majors

Double value of AMP Bank over 5 years

# Three key strategic questions

## 1. Can you grow this business faster?

- Balancing strong growth with scale infrastructure build out

## 2. Are you comfortable with your level of risk against your high growth?

- Doubled contribution while tightening risk settings and maintaining margins
- Strengthening vintage performance
- Better than majors' and peers' arrears performance

## 3. What is your competitive advantage?

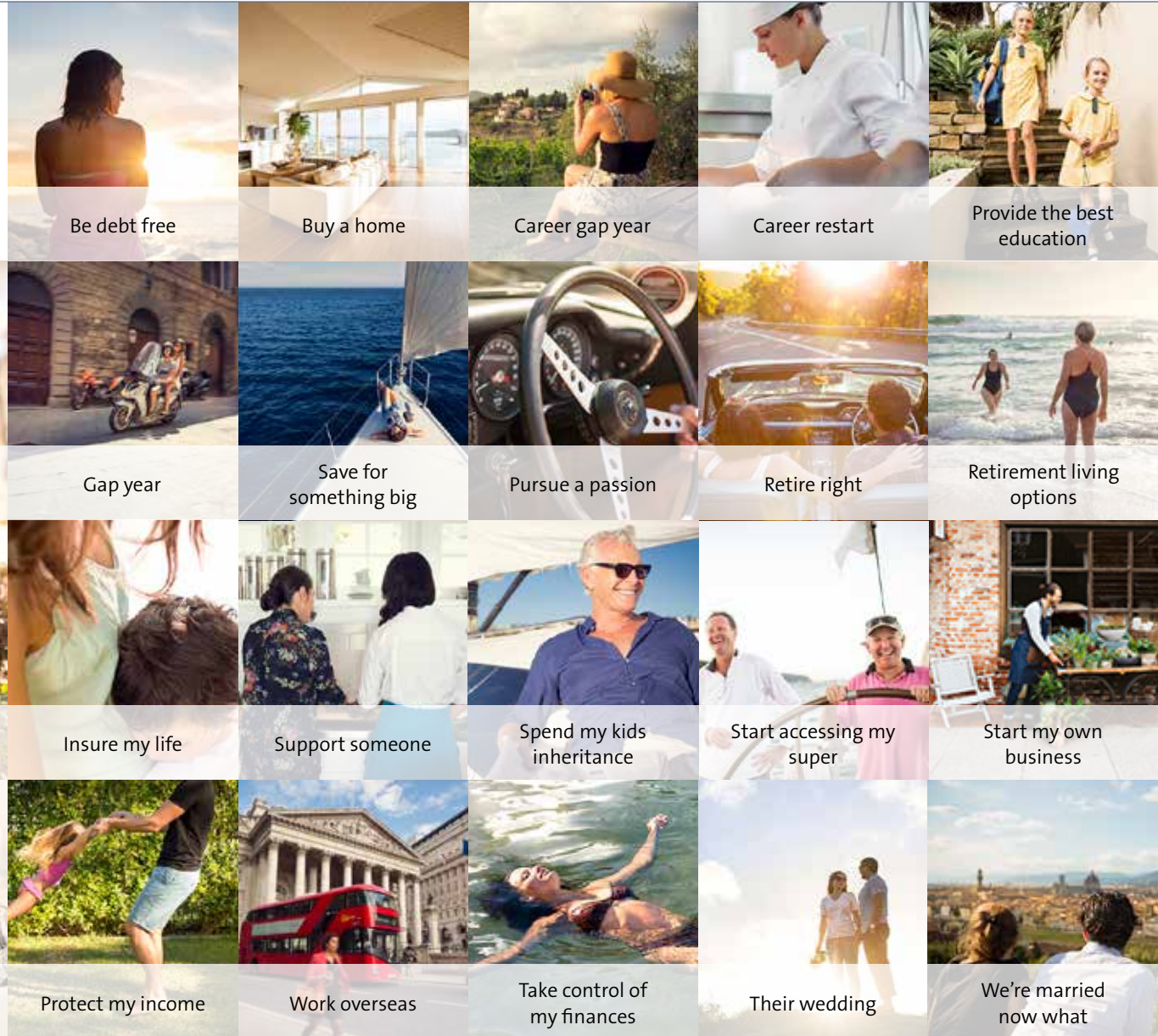
- To be the intermediated bank of choice
- A bank within a wealth manager
- Connection to customers goals

# Using competitive advantage to become the intermediary bank of choice

















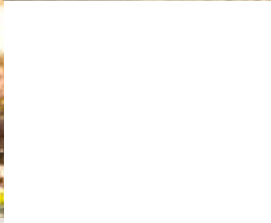












Channel	Goals	Customer lifecycle	Diversified AMP revenues
<ul style="list-style-type: none"><li>- +50% of all home lending activity via brokers</li><li>- 25% of advisers originate debt with AMP</li></ul>	<ul style="list-style-type: none"><li>- Aligned with AMP goals philosophy</li><li>- Majority of 29 customer goals involve bank product</li></ul>	<ul style="list-style-type: none"><li>- Opportunity to engage early</li></ul>	<ul style="list-style-type: none"><li>- Amplifies AMP investment in the network and goals</li><li>- &gt;10% of earnings contributions</li></ul>

A bank within a wealth manager

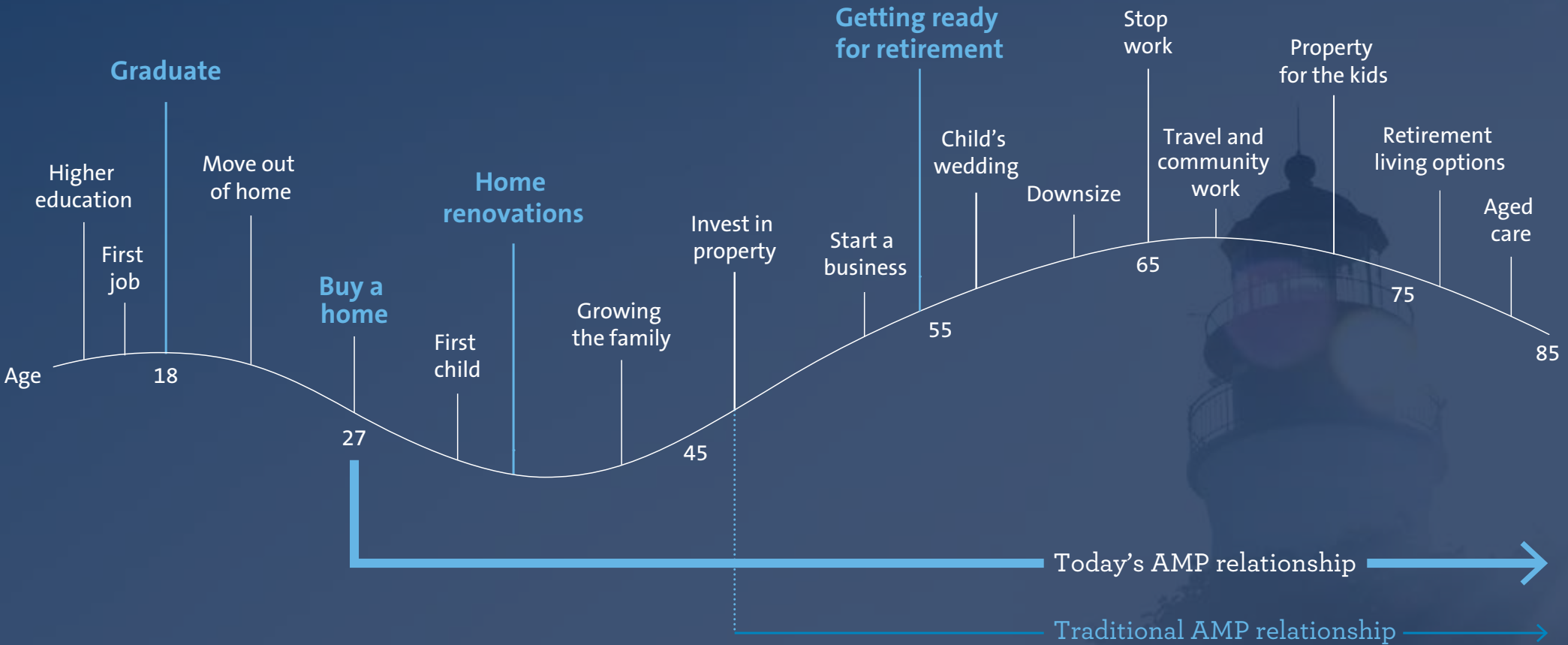
# Role of AMP Bank in goals



# Role of AMP Bank in goals

 <p>Be debt free</p>	 <p>Buy a home</p>	 <p>Career gap year</p>	 <p>Career restart</p>	 <p>Provide the best education</p>			
 <p>Create an inheritance</p>	 <p>Fix my cashflow</p>	 <p>Further my education</p>	 <p>Gap year</p>	 <p>Save for something big</p>	 <p>Pursue a passion</p>	 <p>Retire right</p>	 <p>Retirement living options</p>
 <p>Get married</p>	 <p>Give them the best chance</p>	 <p>Growing our family</p>	 <p>Insure my life</p>	 <p>Support someone</p>	 <p>Spend my kids inheritance</p>	 <p>Start accessing my super</p>	 <p>Start my own business</p>
 <p>Invest in property</p>	 <p>Now there's three of us</p>	 <p>Property for my kids</p>	 <p>Protect my income</p>	 <p>Work overseas</p>	 <p>Take control of my finances</p>	 <p>Their wedding</p>	 <p>We're married now what</p>

# AMP Bank: early engagement in the customer life cycle







# AMP Capital growth strategy

**Adam Tindall**, Chief Executive Officer, AMP Capital

**Sean Henaghan**, CIO and Director, Multi-asset Group, AMP Capital

**Carmel Hourigan**, Global Head of Real Estate, AMP Capital

Our vision

To be a pre-eminent  
global investment manager

## AMP Capital investment capabilities

	Infrastructure	Real estate	Multi-asset	Equities	Fixed income
AUM	\$12 billion	\$22 billion	\$84 billion <sup>1</sup>	\$24 billion	\$60 billion
Investment professionals	67	62	32	42	41

1 \$40 billion managed by AMP Capital Equities and Fixed Income

## AMP Capital business potential

**Strong  
double digit**  
growth contribution

**Deep  
relationships**  
with partners

**400+**  
international clients


Suite of  
**market leading**  
investment solutions  
targeting deep global pools

**5 key hubs**  
with 25% employees  
based internationally

**Potential**  
for inorganic acceleration

---

## AMP Capital clients and partners – Australia and New Zealand

- 
- \$110 billion managed on behalf of AMP customers
  - 112 institutional clients investing \$22.2 billion





# Multi-Asset Group

## Goals-based investing

- Full spectrum of return sources
- Flexible approach to management

**\$1.1  
billion**

Multi Asset  
Fund  
(2010)

**\$1.8  
billion**

Income  
Generation  
(2010)

**\$1.7  
billion**

Dynamic  
Market Fund  
(2011)

Future  
Cash Flow  
Range  
(2016)

MyNorth  
Retirement  
Fund  
(2016)

**\$14  
billion**

MySuper  
(2016)

An aerial photograph of a city skyline, likely Tokyo, with a blue overlay. A white text box is centered in the middle of the image. The text 'International growth' is written in white serif font inside the box. The background shows a dense urban landscape with various skyscrapers and buildings under a cloudy sky. A faint red arc is visible on the left side of the image.

# International growth



---

## AMP Capital clients and partners – China


- Beijing office opened 1997
- China Life AMP Asset Management Company Limited fastest growing new funds management company in China
- First foreign company to acquire stake in Chinese pension company, China Life Pensions Company
- Total combined AUM RMB 452 billion



---

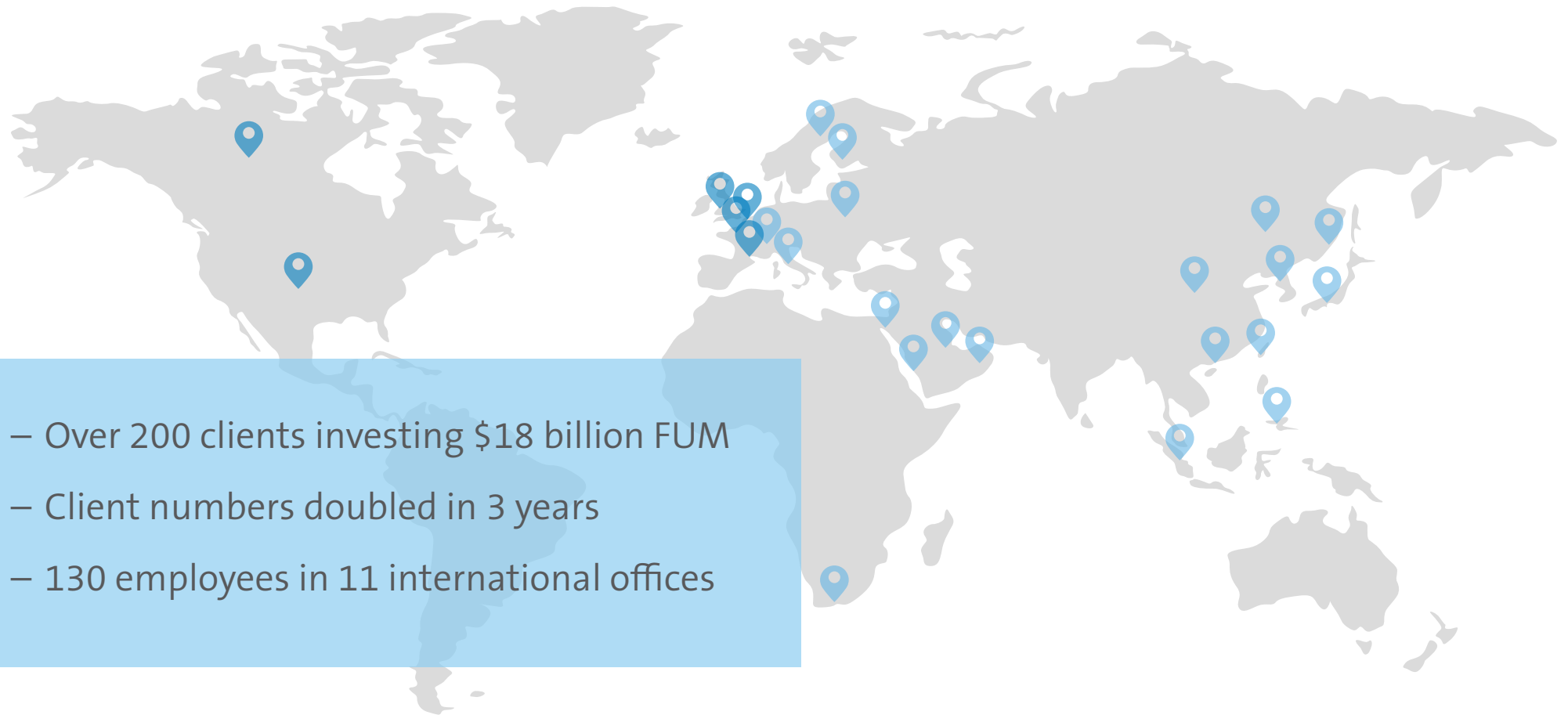
## AMP Capital clients and partners – Japan

- 
- Japan presence since 2001
  - 2012 strategic alliance agreement
  - 2017 enhanced business alliance agreement
  - \$1.5 billion managed on behalf of MUTB

 Mitsubishi UFJ  
Trust and Banking

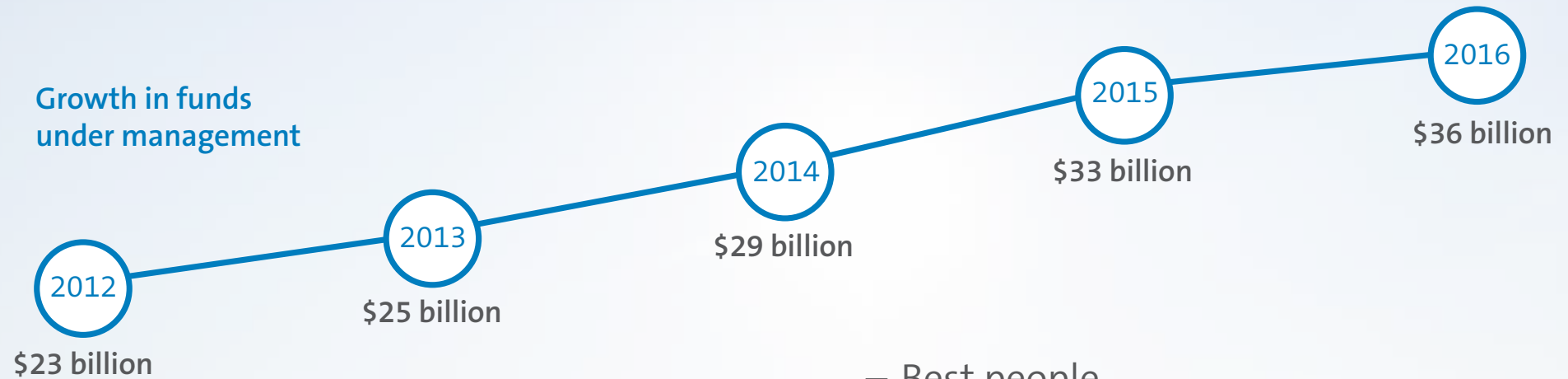
---

## AMP Capital clients and partners – international institutional clients



- Over 200 clients investing \$18 billion FUM
- Client numbers doubled in 3 years
- 130 employees in 11 international offices

## Creating value for clients and shareholders in real assets



- Best people
- Quality assets
- Active management and development
- Global platform

# AMP Capital global infrastructure equity Top 10 infrastructure business



**\$10  
billion**

in AUM



**Landmark**

transactions  
and strong  
deal flow



**88**

international  
clients



**#1**

infrastructure  
fund  
for ESG

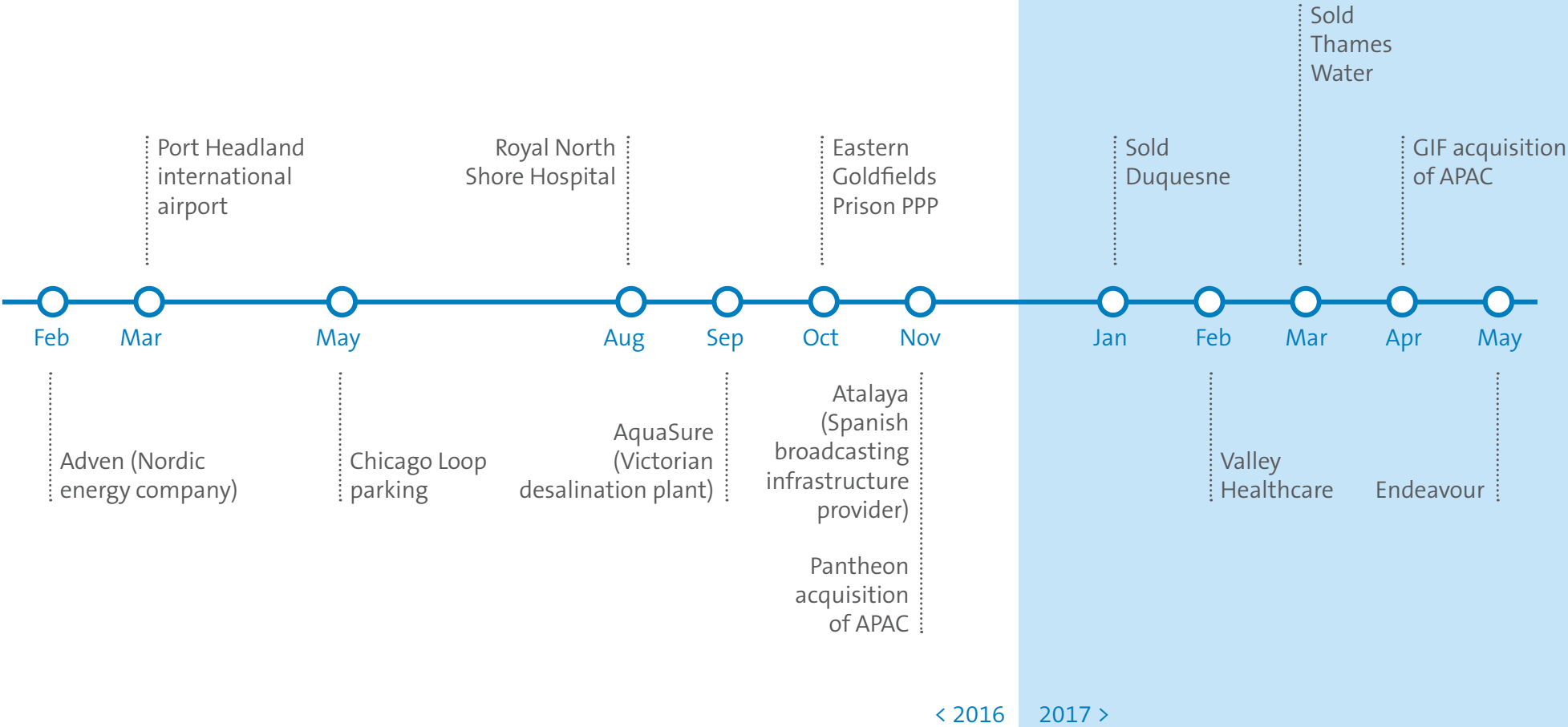


**US\$2.4  
billion**

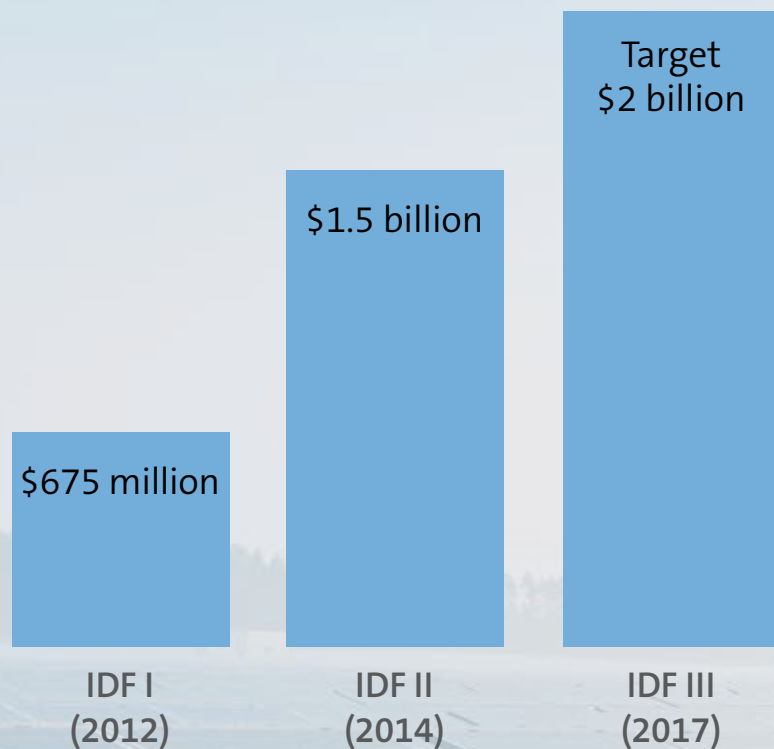
Global  
Infrastructure  
Fund

# Global infrastructure equity

## Track record of innovative transactions



## Infrastructure debt funds (IDF) 136 clients investing \$3.5 billion



### Notable deals

- Invenergy Thermal (Oct 2015)
- Carlsbad Desalination Plant (Apr 2016)
- Solør Bioenergi (Apr 2017)



# Real estate

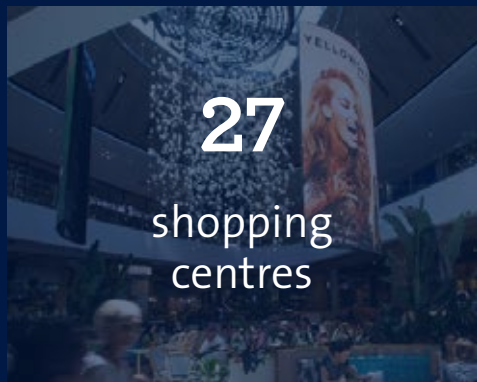


# AMP Capital real estate

Over 60 years creating exceptional experience



**\$23 billion**  
in  
AUM



**27**  
shopping  
centres



**\$3 billion**  
developments  
completed



**\$5 billion**  
development  
pipeline



**450+**  
real estate  
professionals



**56**  
office and  
industrial assets

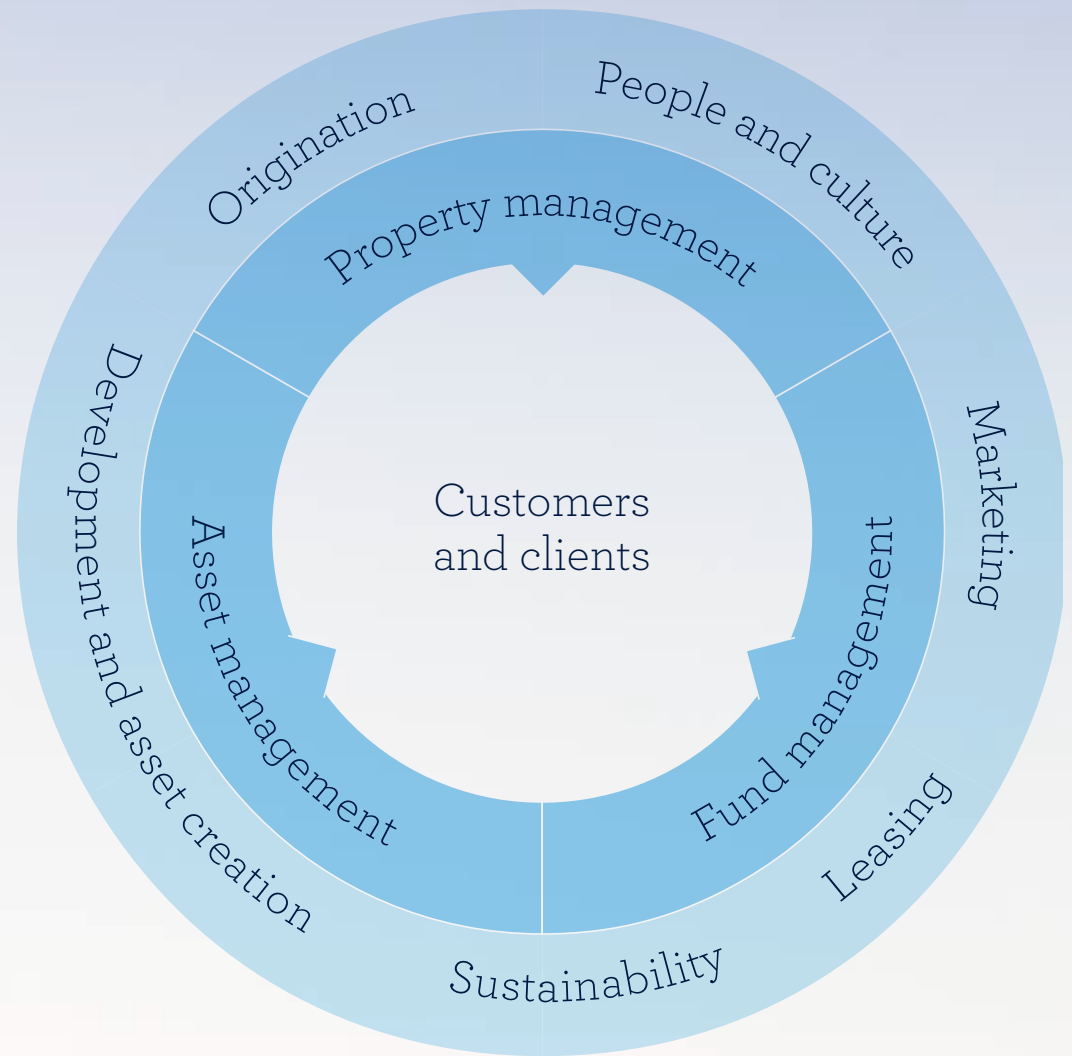


**+2.9 million**  
sqm of  
lettable area



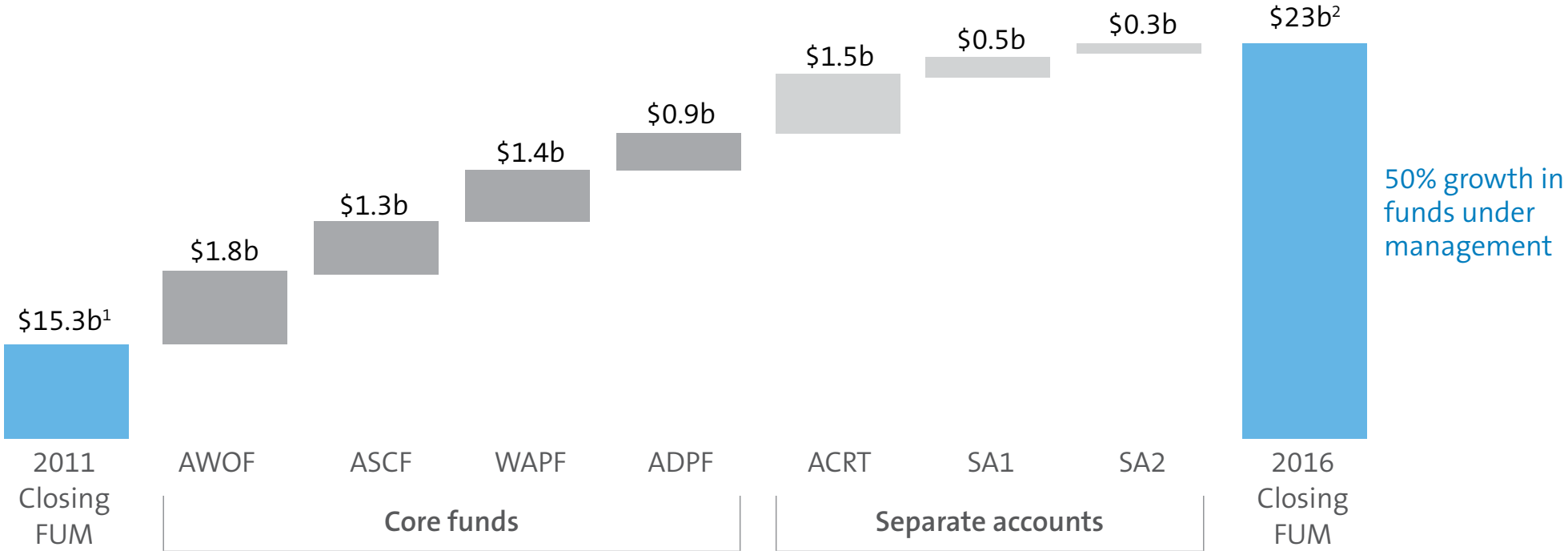
One of the  
**largest**  
direct real estate  
fund managers

# Integrated real estate management model



# Real estate assets under management

## A five year journey of growth



1 Includes 47 external institutional investors  
 2 Includes 73 external institutional investors

# Real estate investment highlights 2016 – 2017

## Creating value for our clients

**85% of FUM**

exceeded  
client goals

Total capital raised  
**\$1.3 billion**

in 2016

Over  
**\$1 billion**

capital raised  
YTD in 2017

**\$2 billion**

in investment  
transactions

Leveraging our  
**global  
platform**

**10 new**  
institutional  
investors

**\$3 billion**  
development  
pipeline completed

Over  
**\$5 billion**  
future development  
pipeline

---

## Delivering on our clients' development pipeline



- \$400 million value on completion
- 24.8% total return (Project IRR)
- 6 star Green Star (V3) Design and 5 star NABERS Energy



- \$670 million value on completion
- Largest centre in Queensland, 4th largest in Australia
- Most extensive luxury retailer mix in Australia



- \$450 million redevelopment
- Largest centre in Sydney and NSW
- Significant further development opportunity including mixed use as part of Macquarie Town Centre masterplan

## Quay Quarter Tower



Artists impression



# Investing for growth

---

# AMP tomorrow

Strong foundation for growth: #1 Super | #1 Advice | #1 SMSF | #2 Retirement income

## Domestic growth

- Continued leadership of Australian wealth management:
  - New revenue streams (advice and SMSF)
  - Goals-based advice operating system driving greater productivity, volume and cashflows
- Integrated debt and investment solutions in goals-based offers
- Intermediated retail banking provider of choice

## International growth

- **Europe and North America:** via higher margin infrastructure and real estate assets
- **China:** pensions and asset management through partnership with China Life
- **Japan:** retail and institutional partnership with MUTB
- Opportunity to leverage new wealth operating system

Streamlined higher growth, capital light, internationally diverse portfolio