

23 October 2015

AMP Limited reports third quarter cashflows, AUM and Australian wealth protection update

AMP Limited today reported cashflows, assets under management (AUM) and an update on its Australian wealth protection business for the third quarter to 30 September 2015.

AMP Chief Executive Craig Meller said: “Our performance in the third quarter demonstrates continued momentum across AMP in what was a volatile period for markets. Our products and platforms performed well and the focus on Asia is delivering results. Despite volatile insurance claims experience during the quarter, our improvement program remains on track.”

Australian wealth management net cashflows were \$241 million for the quarter, down from \$476 million in Q3 14, driven in large part by the closure of Genesys Wealth Advisers announced in November 2014. Excluding those Genesys advisers that left AMP during the third quarter, net cashflows were \$531 million, an increase of 11 per cent from Q3 14. Cashflows were also impacted by increased investment market volatility and continued implementation of the FOFA reforms. Internal inflows were \$4.3 billion in Q3 15 (\$5.0 billion in Q3 14), representing 57 per cent (61 per cent in Q3 14) of total cash inflows.

Total AUM was \$111.1 billion, down 3 per cent from \$114.0 billion at the end of Q2 15 (and up 6 per cent from \$105.2 billion at Q3 14). The decline since June 30 largely reflected negative investment market movements during the quarter. Average AUM fell by 2 per cent to \$114.1 billion over the same period.

Retail net cashflows in to AMP platforms fell 8 per cent to \$707 million in Q3 15 from \$771 million in Q3 14, as lower adviser cashflow activity impacted cash inflows during the quarter and higher pension payments mitigated the benefit from retention activities.

AMP’s leading wrap platform North reported net cashflows of \$1.1 billion in Q3 15, down 24 per cent from Q3 14. Over 60 per cent of North’s net cashflows were externally sourced. North AUM grew to \$19.1 billion at the end of the quarter, up 3 per cent from \$18.6 billion at the end of Q2 15 (and \$13.8 billion at Q3 14).

AMP Flexible Super reported net cashflows of \$274 million in Q3 15, down from \$500 million in Q3 14, in part driven by lower superannuation to pension transitions. Flexible Super AUM increased by 1 per cent or \$85 million in Q3 15 to \$14.4 billion and increased 21 per cent from \$11.9 billion at Q3 14.

Corporate superannuation net cashflows were \$27 million in Q3 15 compared to \$16 million in Q3 14. The improvement in net cashflows was largely due to a number of mandate wins, in part offset by higher outflows to internal products. Flows are expected to benefit through the fourth quarter of 2015 as members transition from new mandate wins.

External platform net cash outflows were \$493 million in Q3 15 compared to a net cash outflow of \$311 million in Q3 14. This increase in net outflows was largely the result of significantly higher outflows from Genesys advisers leaving AMP after the licensee was closed. At 30 September 2015, 39 practices had transitioned to the Charter and AMPFP licensees, 23 practices had left AMP and 5 practices remained within Genesys. External platform inflows also fell in Q3 15, with North the preferred contemporary platform for advisers.

AMP SMSF assets under administration were \$19.4 billion at the end of the third quarter, an increase of \$478 million from Q2 15. At the end of Q3 15 AMP SMSF had 16,642 member accounts under administration (including SuperIQ), up from 15,388 at the end of Q2 15, after AMP SMSF's acquisition of Justsuper in July 2015.

AMP Capital net cashflows for Q3 15 were \$1,078 million, comprising external net cash inflows of \$1,760 million for the quarter and internal net cash outflows of \$682 million.

Strong flows into goals based funds and a number of domestic fixed income mandate wins contributed to pleasing third quarter flows for AMP Capital, along with good institutional flows from international investors into the infrastructure asset class.

AMP's share of the China Life AMP Asset Management Company (CLAMP) alliance delivered strong flows of \$866 million in the third quarter, largely reflecting the 'flight to safety' to fixed income products arising from recent volatility in the Chinese equity market.

AMP Capital AUM at the end of Q3 15 was \$157.5 billion, up 1 per cent from \$156.1 billion at the end of Q2 15 (and \$145.4 billion at Q3 14). Average AUM fell 1 per cent over the quarter to \$159.0 billion, reflecting investment market volatility during the period.

AMP New Zealand financial services' net cashflows of A\$185 million in Q3 15 were up A\$80 million from A\$105 million in Q3 14. Other net cashflows increased strongly following a funds transfer after a successful acquisition and after the NMLA staff superannuation fund was transferred to AMP.

Australian mature net cash outflows in Q3 15 were \$392 million, compared to a net cash outflow of \$456 million in Q3 14.

AMP Bank's mortgage book increased 1 per cent to \$15.3 billion at the end of Q3 15 from \$15.1 billion at Q2 15. The AMP aligned adviser channel contributed 25 per cent of AMP Bank's mortgage new business. The deposit book increased \$954 million (11 per cent) in Q3 15 relative to Q2 15.


Australian wealth protection annual premium in-force (API) increased 3 per cent in Q3 15 to \$1,972 million compared to \$1,918 million in Q2 15. The increase in API was primarily driven by a 4.5 per cent increase in individual lump sum.

Business update on Australian wealth protection business

The third quarter result for the Australian wealth protection business was impacted by claims experience losses primarily relating to the retail income protection book. This negative experience has not given rise to any revised best estimate claims assumptions for the retail income protection book.

Claims experience outcomes for lump-sum and group risk insurance were in line with best estimate assumptions. Lapse experience, while seasonally higher, was also in line with best estimate assumptions.

Volatility in wealth protection experience is to be expected from period to period given the size of AMP's in-force book in Australia. Further, as remediation of the Australian wealth protection business progresses, there continues to be potential for increased experience volatility.

AMP's insurance claims improvement program in Australia continues to track well against expected outcomes. Since commencing in Q1 14 it has delivered considerable value and remains important to the long-term sustainability of the wealth protection business. Encouraging results from management actions to date include a revised claims philosophy and claims management platform. 

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Q3 15 cashflows Australian wealth management

Australian wealth management Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q3 15	Q3 14	Q3 15	Q3 14	Q3 15	Q3 14
AMP Flexible Super ¹	1,761	2,075	(1,487)	(1,575)	274	500
North ²	3,001	3,113	(1,889)	(1,656)	1,112	1,457
Summit, Generations and iAccess ³	553	608	(856)	(1,068)	(303)	(460)
Flexible Lifetime (superannuation and pension) ⁴	527	521	(905)	(1,101)	(378)	(580)
Other retail investment and platforms ⁵	123	101	(121)	(247)	2	(146)
Total retail on AMP platforms	5,965	6,418	(5,258)	(5,647)	707	771
SignatureSuper and AMP Flexible Super - Employer	820	711	(613)	(562)	207	149
Other corporate superannuation ⁶	363	360	(543)	(493)	(180)	(133)
Total corporate superannuation	1,183	1,071	(1,156)	(1,055)	27	16
Total retail and corporate super on AMP Platforms	7,148	7,489	(6,414)	(6,702)	734	787
External platforms ⁷	396	658	(889)	(969)	(493)	(311)
Total Australian wealth management	7,544	8,147	(7,303)	(7,671)	241	476
Genesys practices that have left AMP	11	113	(301)	(115)	(290)	(2)
Total Australian wealth management (pro forma)⁸	7,533	8,034	(7,002)	(7,556)	531	478

¹ AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.

² North is a market leading fully functioning wrap platform which includes guaranteed and non-guaranteed options.

³ Summit and Generations are owned and developed platforms. iAccess is ipac badged on Summit.

⁴ Flexible Lifetime Super (superannuation and pension) was closed to new business from 1 July 2010. A small component of corporate superannuation schemes are included.

⁵ Other retail investment and platforms include Flexible Lifetime - Investments, AMP Personalised Portfolio and Synergy.

⁶ Other corporate superannuation comprises CustomSuper, SuperLeader and Business Super.

⁷ External platforms comprise Asgard, Macquarie and BT Wrap platforms.

⁸ Australian wealth management excluding cashflows relating to Genesys practices that have left AMP.

Australian wealth management AUM (A\$m)	Q2 15		Q3 15 Net cashflows			Total net cashflows	Other movements ¹	Q3 15 AUM
	AUM	Superannuation	Pension	Investment				
AMP Flexible Super	14,355	94	180	-	-	274	(189)	14,440
North	18,553	208	620	284	-	1,112	(542)	19,123
Summit, Generations and iAccess	13,633	(161)	(77)	(65)	-	(303)	(533)	12,797
Flexible Lifetime Super (superannuation and pension)	24,920	(240)	(138)	-	-	(378)	(676)	23,866
Other retail investment and platforms	3,073	(16)	(10)	28	-	2	(136)	2,939
Total retail on AMP platforms	74,534	(115)	575	247	-	707	(2,076)	73,165
SignatureSuper and AMP Flexible Super - Employer	13,765	182	25	-	-	207	(255)	13,717
Other corporate superannuation	13,227	(180)	-	-	-	(180)	(306)	12,741
Total corporate superannuation	26,992	2	25	-	-	27	(561)	26,458
Total retail and corporate super on AMP platforms	101,526	(113)	600	247	-	734	(2,637)	99,623
External platforms	12,460	(104)	(185)	(204)	-	(493)	(494)	11,473
Total Australian wealth management	113,986	(217)	415	43	-	241	(3,131)	111,096
Australian wealth management - AMP SMSF²	18,958						478	19,436
Assets under administration								

¹ Other movements include fees, investment returns and taxes.

² AMP SMSF includes Multiport, Cavendish, SuperIQ, Your SMSF, Ascend and Justsuper administration platforms. SuperIQ is 49% owned by AMP, however 100% of assets under administration are included.

Australian wealth management AUM (A\$m)	Q2 15 AUM	Q3 15 AUM
AUM by product		
Superannuation	67,022	65,084
Pension	33,406	32,947
Investment	13,558	13,065
Total	113,986	111,096
AUM by asset class		
Cash and fixed interest	31%	32%
Australian equities	32%	32%
International equities	26%	25%
Property	6%	6%
Other	5%	5%
Total	100%	100%

Australian wealth management AUM summary (A\$b)	Q2 15 AUM	Q3 15 AUM
Closing AUM	114.0	111.1
Average AUM	115.9	114.1

AMP Capital

AMP Capital	Q2 15	Q3 15 Net cashflows			Total		Q3 15
AUM (A\$m)	AUM	Cash inflows	Cash outflows		net cashflows	Other movements	AUM
External	50,490	4,460	(2,700)		1,760	491	52,741
Internal	105,561	6,223	(6,905)		(682)	(127)	104,753
Total AMP Capital	156,051	10,683	(9,605)		1,078	364	157,494

AMP Capital	Q2 15	Q3 15
AUM summary (A\$b)	AUM	AUM
Closing AUM	156.1	157.5
Average AUM	160.3	159.0

New Zealand financial services

New Zealand financial services	Cash inflows		Cash outflows		Net cashflows	
Cashflows by product (A\$m)	Q3 15	Q3 14	Q3 15	Q3 14	Q3 15	Q3 14
KiwiSaver	203	204	(84)	(80)	119	124
Other ¹	301	247	(235)	(266)	66	(19)
Total New Zealand	504	451	(319)	(346)	185	105

New Zealand financial services	Q2 15	Q3 15 Net cashflows				Total		Q3 15
AUM (A\$m)	AUM	Superannuation	Pension	Investment	Other	net cashflows	Other movements ²	AUM
KiwiSaver	3,267	119	-	-	-	119	17	3,403
Other ¹	9,823	92	(1)	(25)	-	66	8	9,897
Total New Zealand	13,090	211	(1)	(25)	-	185	25	13,300

¹ Other New Zealand financial services cashflows and AUM include New Zealand wealth protection, mature and non-KiwiSaver wealth management products.

² Other movements include fees, investment returns, taxes, as well as foreign currency movements on New Zealand AUM.

New Zealand wealth protection	Q2 15	Q3 15
Risk Insurance Annual Premium In-force – API (A\$m)	API	API
Individual lump sum	217	225
Individual income protection	44	44
Group Risk	33	35
Total	294	304

Australian mature

Australian mature	Cash inflows		Cash outflows		Net cashflows	
Cashflows by product (A\$m)	Q3 15	Q3 14	Q3 15	Q3 14	Q3 15	Q3 14
Australian mature	105	146	(497)	(602)	(392)	(456)

Australian mature	Q2 15	Q3 15 Net cashflows				Total		Q3 15
AUM (A\$m)	AUM	Superannuation	Pension	Investment	Other	net cashflows	Other movements ¹	AUM
Australian mature	22,550	(201)	(51)	(17)	(123)	(392)	(188)	21,970

¹ Other movements include fees, investment returns and taxes.

AMP Bank

AMP Bank by product	Q2 15		Q3 15	
Deposits and loans (A\$m)	end balance	Other movements ¹	end balance	
Deposits (Supercash, Super TDs & Platform TDs) ²	3,676	138	3,814	
Deposits (retail)	5,118	816	5,934	
Loans	15,124	136	15,260	

¹ Represents movements in AMP Bank's deposits and loan books.

² At 30 September 2015, deposits include AMP Bank customer deposits (A\$5.1bn), AMP Super Cash and Super TD's (A\$2.3bn), platform and investment fund deposits (A\$1.7bn), and other deposits (A\$0.6bn).

Australian wealth protection

Australian wealth protection	Cash inflows		Cash outflows		Net cashflows	
Cashflows by product (A\$m)	Q3 15	Q3 14	Q3 15	Q3 14	Q3 15	Q3 14
Total Australian wealth protection	444	456	(208)	(207)	236	249

Australian wealth protection	Q2 15	Q3 15
Annual Premium In-force – API (A\$m)	API	API
Individual lump sum	1,064	1,112
Individual income protection	412	414
Group Risk	442	446
Total	1,918	1,972