

## **AMP Wealth Management New Zealand Investment Philosophy**

This document sets out our investment philosophy, in terms of the core principles we will follow when investing our clients' money. We believe that following these principles will deliver good outcomes for our clients, particularly when supported by our product and help strategies.

### **1. For all AMP-branded Funds:**

#### **1.1. Sustainable Investing**

We believe investing sustainably will deliver long-term returns in line with or better than the broader market index. We have a clear approach to sustainable investing (see our Sustainable Investment Philosophy) that avoids investing in companies that are involved in business or sectors that are our focus areas in terms of non-sustainability. These focus areas are informed by what we and our clients determine to be harmful to the world. We will continue to evolve this approach and seek to find opportunities to support positive change through investing in companies that demonstrate strong environmental, social and governance attributes.

#### **1.2. Strategic asset allocation drives returns**

We believe that the strategic asset allocation (SAA) drives the majority of the returns available in the market. We will annually review the medium to long-term risk and return assumptions and ensure diversified portfolios are appropriately positioned for the market outlook over a 5-year timeframe. We believe this will produce better net outcomes than actively tilting portfolios based on shorter-term views. If there is a significant market correction or disconnect, we will review our long-term assumptions and asset allocations as we believe appropriate.

#### **1.3. Index management delivers value**

We will access returns using mainly index management strategies, as we believe that it is difficult to consistently outperform the market via the adoption of short term active positions, and keeping investment costs down is an important component of returns. We may consider other investment strategies if they can clearly demonstrate that the anticipated returns outweigh the additional investment management cost.

#### **1.4. Transparency and Simplicity**

We will invest in assets which are transparent, easily understood and accessed via reputable markets, as this will keep our offer simple and will aid client understanding.

#### **1.5. Accessibility**

We believe that clients want their funds to be readily accessible. We will make sure that we invest in ways that allow this to happen by keeping funds liquid.

## **1.6. Currency**

We do not expect that, over the long term, taking active positions in international currency exposures will of itself add value. We will therefore not take active positions on currency between our annual SAA reviews. Instead, we will review our currency settings as part of our annual SAA review.

## **2. Third Party Managers**

We recognise that some clients may have a different philosophy towards investing. Accordingly, we will continue to offer a selection of funds offered by third party managers which are available for our clients to choose from. These funds will provide access to a range of different investment styles and philosophies.

## **3. Related Policies**

Our investment philosophy is complemented by a number of related policies, including our:

- Sustainable Investment Philosophy
- Cash Management and Rebalancing Policy
- Liquidity Policy
- Currency Hedging and Monitoring Policy
- Approach to Asset Allocation Policy