

AMP CAPITAL CORPORATE BOND FUND

ARSN 087 391 311

PRODUCT DISCLOSURE STATEMENT UPDATE

26 MARCH 2022

The purpose of this document is to update information relating to the AMP Capital Corporate Bond Fund ('the Fund'), contained in the Product Disclosure Statement (PDS) for the Fund, dated 26 March 2021 ('Original PDS') issued by AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455.

This update should be read together with the Original PDS available on www.ampcapital.com (go to the Fund page) or by calling Client Services on 1800 658 404, 8.30am – 5.30pm Sydney time, Monday to Friday.

The Original PDS contains important information about investing in the Fund and it is important that investors read the Original PDS before making a decision about whether to acquire or continue to hold or dispose of units in the Fund. This document has been prepared for the purpose of providing general information, without taking into account any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs.

As at the date of this document, the following changes are made to the Original PDS, dated 26 March 2021.

On page 2 of the Original PDS and page 2 of the Incorporated information document the 'Investment manager' is replaced by the following:

Investment Manager	Macquarie Investment Management Global Limited (ABN 90 086 159 060, AFSL 237843) referred to in this PDS as the 'Investment Manager'.
AMP Capital	AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) – referred to in this PDS as 'AMP Capital', 'we', 'our' or 'us'

All other information in this section remains unchanged.

On page 3 of the Original PDS, the section 'About AMP Capital Funds Management Limited' is replaced by the following:

1. ABOUT AMP CAPITAL FUNDS MANAGEMENT LIMITED

The Responsible Entity of the Fund and issuer of this PDS is AMP Capital Funds Management Limited, a member of the AMP Group, which includes AMP Capital. As part of the AMP Group we share a heritage that spans more than 170 years. The Responsible Entity is responsible for the overall operation of the Fund and can be contacted on 1800 658 404.

AMP Capital has been appointed by the Responsible Entity, under an agreement, to provide other Fund related services, including responding to investor enquiries and the preparation of this PDS on behalf of the Responsible Entity. No company in the AMP Group other than the Responsible Entity is responsible for the preparation and issue of this PDS or for any statements or representations made in this PDS.

The Responsible Entity has appointed Macquarie Investment Management Global Limited (ABN 90 086 159 060, AFSL 237843) (Investment Manager) as the investment manager of the Fund.

Macquarie Investment Management Global Limited

Macquarie Investment Management Global Limited forms part of Macquarie Asset Management, the asset management division of the Macquarie Group. Macquarie Asset Management is a global specialist asset manager, providing access to specialist investment expertise across a range of capabilities including fixed income, equities, multi-asset solutions, private credit, infrastructure, renewables, natural assets, real estate and transportation finance.

All other information on this page remains unchanged.

On page 3 of the Original PDS, the first paragraph in the 'How the AMP Capital Corporate Bond Fund works' section is replaced by the following:

2. HOW THE AMP CAPITAL CORPORATE BOND FUND WORKS

The Fund aims to deliver to its investors a regular monthly income (which exceeds the income from term deposits and government bonds) whilst seeking to provide capital stability over the medium term. The Fund primarily invests in investment-grade corporate bonds, and seeks to exploit available credit and liquidity premia as well as market inefficiencies, to deliver attractive, stable income through the cycle. We aim to preserve capital and minimise capital volatility by seeking the most attractively-priced credit securities, based on the investment processes of the Investment Manager.

Further information about the securities in which the Fund may invest is provided in the 'How we invest your money' section of the Original PDS.

All other information in this section remains unchanged.

On page 4 of the Original PDS, the 'Benefits of investing in the AMP Capital Corporate Bond Fund' section is replaced by the following:

3. BENEFITS OF INVESTING IN THE AMP CAPITAL CORPORATE BOND FUND

Significant features

Meeting the need for a regular income with capital stability

An important goal for many investors is being provided with a regular and reliable income stream with capital stability. This income may supplement your salary or business earnings to help build your nest egg or deliver a reliable income to help fund your lifestyle in retirement.

Benefits of investing

For investors with this above-mentioned goal in mind, the Fund aims to provide:

- a regular monthly income
- a level of capital stability
- the potential for total returns (primarily income with some capital growth) above term deposits and government bonds
- access to an actively managed portfolio of credit securities, with a focus on investment-grade rated corporate bonds in the Australian market and with exposure to global bond markets, and
- access to the asset management expertise of Macquarie Asset Management.

All other information on this page remains unchanged.

On page 6 of the Original PDS, 'The Fund' section in the 'How we invest your money' section is replaced by the following:

5. HOW WE INVEST YOUR MONEY

The Fund

The Fund is a registered managed investment scheme which invests in an actively managed portfolio of credit securities, primarily investment-grade rated corporate bonds in the Australian market. The Fund also has exposure to global bond markets. The Fund gains exposure to securities either directly or through funds managed by a member of the Macquarie Group.

The Fund may be suitable for investors who are seeking a regular income stream with capital stability.

All other information in this section remains unchanged.

On pages 3 to 5 of the Incorporated information document, the 'Fund Features' section is replaced by the following:

FUND FEATURES

The investment approach

The Investment Manager uses disciplined investment processes that are backed by in-house research and quantitative analysis in building a well-diversified portfolio of investment-grade corporate bonds. Its approach is to exploit available credit and liquidity premia as well as market inefficiencies, to deliver attractive, stable income through the cycle. The Investment Manager aims to preserve capital and minimise capital volatility by seeking the most attractively priced credit securities, based on the Investment Manager's investment processes.

The Fund gains exposure to these assets either directly or through funds managed by a member of the Macquarie Group.

Fund profile

The Fund's investments

The Fund is actively managed, investing primarily in investment grade rated corporate bonds in the Australian market. The Fund also has exposure to global bond markets.

Types of securities

Corporate bonds Debt obligations backed by the payment ability and/or assets of the issuing company.

Asset backed securities Securities backed by loans, leases or receivables against assets as well as real estate and mortgage backed securities.

Derivatives Financial instruments (such as options, futures, swaps or credit derivatives) that derive their value from an underlying asset.

Hybrid securities Securities that combine two or more different financial instruments, for example convertible bonds, which have the features of ordinary bonds, but are influenced by the price movements of the equity into which they can be converted.

Preference shares Shares that have a higher claim on the assets and earnings of a company than other shares in the same company.

Convertible bonds Bonds that can be converted into a predetermined amount of the company's shares at certain times.

The Fund may be exposed to derivatives to implement its investment strategy, primarily either to change the nature of the Fund's interest rate risk profile or to provide a hedge against the credit risk profile of the Fund's underlying securities.

Access to global credit securities

The Fund can access global credit securities in five ways:

- directly, where the Fund buys a bond in an offshore market and from an offshore issuer⁽¹⁾
- indirectly, where the Fund buys a bond in the Australian market from an offshore company
- through Australian companies, where a large portion of the company's revenue is earned offshore
- through Australian companies issuing bonds in offshore markets, and
- through managed funds managed by a member of the Macquarie Group.

Interest rate management

Duration is the measure of the change in a security's value relative to a change in interest rates. Bonds with higher duration carry more risk and have higher price volatility than bonds with lower duration.

The Fund may increase or decrease the duration, depending on whether interest rates are rising or falling, and this may assist in managing risk.

The duration of the Fund is limited to between 0 and 4.5 years of duration. Current duration can be obtained in the Performance Report at www.ampcapital.com (go to the Fund page) or by contacting us.

Derivatives

We impose restrictions on the use of derivatives within the Fund and monitor the implementation of these restrictions in accordance with the AMP Capital Derivatives Risk Statement, which can be obtained online at www.ampcapital.com/derivativesriskstatement, or free of charge by contacting us.

Hedging

Exposure to global credit securities will principally be hedged back to Australian dollars.

The Fund uses an active hedging strategy to manage the effects of market interest rates and minimise currency fluctuations on capital within the Fund.

Gearing

It is not our intention to gear the Fund through the use of borrowing or derivatives. However, underlying funds and securities in which the Fund invests may be geared through the use of derivatives or borrowing. The Fund will be managed such that the risks characteristics of the Fund are consistent with the investment objectives of the Fund.

Securities lending

The Fund may engage in securities lending from time to time, depending on market conditions. Securities lending is an investment practice whereby securities of a fund are lent to a third party (the borrower) for a period of time in return for a fee. Title to the securities is transferred to the borrower, but that fund's exposure to capital movements and investment income remain unchanged. For the duration of the loan, the borrower is required to provide collateral in excess of the value of the securities loaned. Collateral is held by the Fund's custodian on behalf of the Fund. Subject to any restrictions deemed necessary by the investment manager, up to 95% of each individual security held by the Fund may be lent under the securities lending program.

See the 'Other important information' section in the 'Incorporated information' document for further details on securities lending, including associated risks and how we mitigate and manage them.

¹ The amount of exposure to direct global credit securities can change significantly, depending on market opportunities. Current exposure can be obtained in the Performance Report at www.ampcapital.com (go to the Fund page) or by contacting us.

AMP Capital's environmental, social and governance (ESG) considerations

The Responsible Entity considers labour standards, ESG considerations and ethical principles in the selection, retention or realisation of investments across all asset classes (except those noted below). These standards, considerations and principles are set out in the 'Other important information' section of this document.

AMP Capital applies these ESG standards and principles via negative screens to the investment universe that Macquarie Asset Management can invest in on behalf of the Fund. However, where there is an underlying investment manager, we have less influence and exclusive control over the investment strategy.

The negative screening will not apply to cash, sovereign bonds, derivatives and exchange traded funds.

Macquarie Asset Management's ESG approach

The Macquarie fixed income team looks at a wide range of ESG factors from a bondholder perspective, analysing and considering information provided by a wide variety of sources. ESG factors are considered by the investment team as part of the overall assessment of the investment case as a whole and in the context of the other considerations. The Macquarie fixed income team has long recognised that ESG factors provide important insights into investment risk beyond traditional analysis. To further strengthen its process and improve investment outcomes, the investment team uses a proprietary ESG risk ratings framework to assess ESG risks at the security level. ESG ratings are tailored based on whether the security is issued by a developed sovereign, emerging market, corporate or municipal debt issuer.

On page 16 of the Incorporated information document, the 'Environmental, social and governance (ESG) considerations' section in the 'Other important information' section is replaced by the following:

OTHER IMPORTANT INFORMATION

AMP Capital's environmental, social and governance (ESG) considerations

The Responsible Entity believes there are links between a company's environmental and social impacts, the quality of its corporate governance, and its long-term financial success. The Responsible Entity has an ESG and Responsible Investment (RI) Philosophy describing the approach to considering these issues in the investment decision making which is available at www.ampcapital.com/esg-and-responsible-investment.

Selecting investment managers

Decisions made about whether to select, appoint or remove investment managers are based primarily on financial and economic factors, including investment style and approach. The Responsible Entity conducts due diligence in the selection, appointment and removal of investment managers. As part of the due diligence process, the Responsible Entity may ask these managers how they incorporate ESG considerations in their investment analysis to develop a more comprehensive view of an investee company's key business risks, how they approach corporate governance issues and how they consider both of these matters are related to overall management quality.

Selecting, retaining and realising investments

Decisions made by the Responsible Entity and the Fund's underlying investment managers about whether to buy, hold or sell investments will be based primarily on financial and economic factors. ESG issues may be taken into account by the Responsible Entity and the underlying investment managers where we/they believe these factors may have a financially material impact on the value and performance (risk and/or return) of the investment. Any additional or replacement investment manager appointed to the Fund may also take these matters into account in line with their own ESG policy.

The Responsible Entity may also consult with our underlying investment managers from time to time to ascertain the extent to which they incorporate ESG considerations in their decision-making and stock selection processes. This may be undertaken through one-on-one meetings with these managers, issuing ESG surveys, obtaining and reviewing ESG policies from them and monitoring of their proxy voting activities.

However, in addition to the consideration of financial and economic factors as noted above, the Responsible Entity may, in exceptional circumstances, also exclude or divest, and instruct its underlying investment managers to exclude or divest, particular companies, asset types or industry sectors from the Fund where they have been determined as contravening the ethical principles defined in AMP Capital's ESG and RI Philosophy. In making such a decision, the Responsible Entity will take into account the extent (if any) to which a company's activities (conduct), products or services:

- violate the principle of respect for persons which affirms the intrinsic dignity of all people irrespective of age, gender, race, religion and prohibits the treatment of any human being merely as a means to an end, and/or
- can be used without causing harm to others including those who may choose to make use of the relevant goods or services.

In undertaking its assessment the Responsible Entity will consider (without limitation):

- whether activities (conduct), products or services contravene principles accepted under international human rights laws including but not limited to UN conventions
- the principle of 'double effect' – which may allow conduct that is not intrinsically wrong and is undertaken for an ethically justified 'principal effect' even if it has an unintended harmful 'secondary' (double) effect. Where a form of conduct may have a harmful 'double effect', the Responsible Entity will assess the extent to which the company is actively engaged in minimising and mitigating the unintended harm
- the extent to which the relevant activity, product or service is material to the conduct of the company in which the investment is to be made, and
- any reasonable argument or rebuttal submitted in good faith, as to why an adverse assessment may be based on an error of fact or assumption.

Where the Responsible Entity has an investment management agreement with an investment manager regarding investments held in the Fund and it has been determined that certain investments or sectors contravene these ethical criteria, that manager will be directed by the Responsible Entity to exclude or divest those securities using a process of negative screening and will not include those securities in the Fund. Where an existing investment is identified as contravening the ethical criteria, it will be sold down by the underlying investment manager generally within a period of up to six months.

At present, the application of the ethical principles outlined above will result in the negative screening of companies that the Responsible Entity believes have:

- known involvement in the production and manufacture of, or essential or significant involvement in the distribution and sale of, tobacco, or
- material involvement in the manufacture, maintenance or delivery of cluster munitions, anti-personnel mines, chemical or biological weapons.

The Responsible Entity may update or vary these exclusions from time to time, following review and approval by the relevant Investment Committee. Further information and detail on the application and scope of AMP Capital's ESG and RI Philosophy and a current list of sectors and individual companies subject to exclusion are available at www.ampcapital.com/esg-and-responsible-investment.

The Investment Committee is responsible for ensuring that any decision to negatively screen a company, asset type or industry sector from the investable universe of the Fund takes into account fund investment objectives and strategy and recommendations from AMP Capital's research and investment teams. The negative screening will also not apply to cash, sovereign bonds, derivatives and exchange traded funds.

We aim to review the list of excluded investments annually. Adherence to and monitoring of any excluded investments is overseen by the Investment Committee in consultation with AMP Capital's ESG & Investment Stewardship Team (formerly, Sustainable Investment Team), and the broader ESG Compliance and Monitoring functions. The underlying investment manager is responsible for ensuring the Fund is invested in line with the investment restrictions advised to it by the Responsible Entity in accordance with its investment management agreement.

More generally, except to the extent disclosed above in relation to consideration of financially material ESG issues, and negative screening in exceptional circumstances on an ethical basis, The Responsible Entity has no predetermined view about what we regard to be a labour standard, environmental, social or governance consideration or how far they will be taken into account in the selection, retention or realisation of investments relating to the Fund.

All other information in this section remains unchanged.

Important note:

AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) is the Responsible Entity of the Fund and the Issuer of the units in the Fund. To invest in the Fund, investors will need to obtain the current Product Disclosure Statement (PDS) for the Fund from AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) (AMP Capital). A target market determination has been made in respect of the Fund and is available at www.ampcapital.com/tmd. The PDS contains important information about investing in the Fund and it is important that investors read the PDS before making a decision about whether to acquire or continue to hold or dispose of units in the Fund. Neither the Responsible Entity, AMP Capital, nor any other company in the AMP Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this update. Past performance is not a reliable indicator of future performance. While every care has been taken in the preparation of this update, the Responsible Entity makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This document is not intended for distribution or use in any jurisdiction where it would be contrary to applicable laws, regulations or directives and does not constitute a recommendation, offer, solicitation or invitation to invest.

CONTACTING AMP CAPITAL

For information about investing with AMP Capital, please contact us.

Registered office

AMP Capital Investors Limited
33 Alfred Street
SYDNEY NSW 2000

Mailing address

AMP Capital - Unit Registry
GPO Box 804
Melbourne VIC 3001

Client Services

T: 1800 658 404
8.30am – 5.30pm Sydney time
Monday to Friday

F: 1800 630 066

E: clientservices@ampcapital.com

W: www.ampcapital.com