

2 May 2019

AMP Limited Q1 19 cashflows update


- Australian wealth management net cash outflows of A\$1.8 billion, including A\$538 million of regular pension payments, reflected expected continued weakness in inflows and higher outflows in the post-Royal Commission environment.
- AMP Capital net external cash outflows of A\$20 million reflected quarter-end liquidity management by China Life AMP Asset Management investors and fixed income redemptions.
- AMP Bank increased deposits by A\$218 million, with the most growth in retail deposits, while the total loan book also grew by A\$127 million to A\$20.1 billion.
- Solid increases in assets under management (AUM) across Australian wealth management (5 per cent), New Zealand wealth management (7 per cent) and AMP Capital (4 per cent) during the first quarter, driven by stronger investment markets.

AMP Chief Executive Francesco De Ferrari said:

“Our focus during the first quarter has been on accelerating change within AMP including establishing a new leadership team, progressing the remediation program and separating our life insurance businesses, and sharpening our offers to clients.”

“Stronger investment markets delivered growth in assets under management in Australian and New Zealand wealth management and at AMP Capital.”

“Cashflows in Australian wealth management continue to be challenged given the post-Royal Commission environment. AMP Bank is performing well, with strong retail deposit growth and a modest increase in lending, and AMP Capital continued its strength in real assets.”

“We remain focused on transforming our business model in Australian wealth management to compete more effectively. Actions we’ve already taken to improve outcomes for customers include fee reductions on our MyNorth products, which builds on the MySuper fee cuts we delivered to clients in 2018. We’ll continue to modernise our products to put AMP in a position where we can win in the market.” 

Commentary

Australian wealth management

- Australian wealth management AUM increased 5 per cent to A\$129.3 billion, with positive investment markets offsetting weaker cash inflows.
- Net cash outflows of A\$1.8 billion compared to A\$200 million in net cash outflows in Q1 18.
- Cash inflows of A\$4.69 billion, A\$1.3 billion lower than Q1 18, reflected reduced member contributions and slower inflows on North platform.
- Cash outflows of A\$6.46 billion, up from A\$6.14 billion in Q1 18, included A\$538 million in regular pension payments made to AMP's clients.

AMP Capital

- AMP Capital AUM increased 4 per cent to A\$194.6 billion primarily due to stronger investment markets.
- Net external cash outflows of A\$20 million reflected quarter-end liquidity management by China Life AMP Asset Management investors and fixed income redemptions.
- Net inflows in infrastructure strategies continue, supported by strong client demand and solid transaction pipeline.
- During Q1 19, AMP Capital confirmed the sale of its 50 per cent shareholding in the management companies of Singapore-listed AIMS AMP Capital Industrial REIT (AA REIT) to joint venture partner AIMS Financial Group. As a result of this share sale, AMP Capital's external AUM reduced by A\$765 million and AMP Capital will recognise a gain on sale in 2019. As part of the transaction, AMP Capital has also agreed to sell its 10.26 per cent principal stake in AA REIT units to AIMS Financial Group, which will settle in 2H 19.

AMP Bank

- AMP's total loan book grew by A\$127 million to A\$20.1 billion during Q1 19, supported by continued growth from the mortgage broker channel.
- The deposit book increased by A\$218 million in Q1 19 to A\$13.5 billion relative to Q4 18. AMP's strong growth in retail deposits has been partially offset by lower super and platform deposits.

New Zealand wealth management

- New Zealand wealth management AUM increased 7 per cent to A\$11.9 billion for the period driven primarily by positive market performance and net cash inflows of A\$37 million into KiwiSaver.
- New Zealand wealth management experienced net cash outflows of A\$52 million compared to A\$53 million in net cash inflows in Q1 18.

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Q1 19 Cashflows

Australian wealth management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q1 19	Q1 18	Q1 19	Q1 18	Q1 19	Q1 18
North ¹	2,832	3,353	(2,424)	(2,172)	408	1,181
AMP Flexible Super ²	384	554	(894)	(849)	(510)	(295)
Summit, Generations and iAccess ³	106	180	(533)	(595)	(427)	(415)
Flexible Lifetime Super (superannuation and pension) ⁴	277	376	(848)	(664)	(571)	(288)
Other retail investment and platforms ⁵	29	137	(84)	(156)	(55)	(19)
Total retail on AMP platforms	3,628	4,600	(4,783)	(4,436)	(1,155)	164
SignatureSuper and AMP Flexible Super - Employer	623	684	(739)	(599)	(116)	85
Other corporate superannuation ⁶	305	338	(473)	(440)	(168)	(102)
Total corporate superannuation	928	1,022	(1,212)	(1,039)	(284)	(17)
Total retail and corporate superannuation on AMP platforms	4,556	5,622	(5,995)	(5,475)	(1,439)	147
External platforms ⁷	133	321	(463)	(668)	(330)	(347)
Total Australian wealth management	4,689	5,943	(6,458)	(6,143)	(1,769)	(200)

Cash inflow composition(A\$m)	Q1 19	Q1 18
Member contributions	596	824
Employer contributions	968	987
Total contributions	1,564	1,811
Transfers, rollovers in and other ⁸	3,125	4,132
Total	4,689	5,943

¹ North is an award-winning fully functioning wrap platform which includes guaranteed and non-guaranteed options.

² AMP Flexible Super is a flexible all in one superannuation and retirement account for individual retail business.

³ Summit and Generations are owned and developed platforms. iAccess is ipac's badge 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 and AMP Personalised Portfolio.

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

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

⁸ Transfers, rollovers in and other includes the transfer of accumulated member balances into AMP from both internal (e.g. retail superannuation to allocated pension/annuities) and external products

AUM (A\$m)	Q4 18	Q1 19 Net cashflows				Other movements ¹	Q1 19
	AUM	Superannuation	Pension	Investment	Total net cashflows		AUM ²
North	37,882	259	60	89	408	2,482	40,772
AMP Flexible Super	14,586	(220)	(290)	-	(510)	1,033	15,109
Summit, Generations and iAccess	9,372	(153)	(182)	(92)	(427)	647	9,592
Flexible Lifetime Super (superannuation and pension) ³	21,619	(466)	(105)	-	(571)	1,348	22,396
Other retail investment and platforms	2,233	-	-	(55)	(55)	193	2,371
Total retail on AMP platforms	85,692	(580)	(517)	(58)	(1,155)	5,703	90,240
SignatureSuper and AMP Flexible Super - Employer	17,864	(100)	(16)	-	(116)	1,145	18,893
Other corporate superannuation ⁴	12,000	(168)	-	-	(168)	425	12,257
Total corporate superannuation	29,864	(268)	(16)	-	(284)	1,570	31,150
Total retail and corporate superannuation on AMP platforms	115,556	(848)	(533)	(58)	(1,439)	7,273	121,390
External platforms	7,659	(48)	(85)	(197)	(330)	611	7,940
Total Australian wealth management	123,215	(896)	(618)	(255)	(1,769)	7,884	129,330
Australian wealth management – SuperConcepts⁵							
Assets under administration	26,682					852	27,534

¹ Other movements include fees, investment returns, distributions, taxes, and foreign exchange movements.

² Q1 19 AUM reflects a post separation view following the sale of our mature and wealth protection business to Resolution Life.

³ Flexible Lifetime Super (superannuation and pension) includes A\$5.3b in MySuper (Q4 18 A\$5.0b).

⁴ Other corporate superannuation includes A\$5.9b in MySuper (Q4 18 A\$5.6b).

⁵ SuperConcepts assets under administration includes AMP SMSF, Multiport, Cavendish, SuperIQ, yourSMSF, Justsuper, Ascend and SuperConcepts platforms, but does not include Multiport Annual, SuperConcepts Accountants Outsource, SMSF Managers and MORE Superannuation.

AUM (A\$m)	Q4 18	Q1 19
	AUM	AUM
AUM by product		
Superannuation	74,156	78,162
Pension	33,831	35,095
Investment	15,228	16,073
Total	123,215	129,330
AUM by asset class		
Cash and fixed interest	30%	29%
Australian equities	29%	29%
International equities	28%	29%
Property	6%	6%
Other	7%	7%
Total	100%	100%
AUM (A\$b)		
	Q4 18	Q1 19
	AUM	AUM
Closing AUM	123.2	129.3
Average AUM	127.0	126.9

AMP Capital

AUM (A\$m)	Q4 18	Q1 19 Net cashflows		Total	Other	Sale of	Q1 19
	AUM	Cash inflows	Cash outflows	net cashflows	movements ¹	AIMS REIT ²	AUM ³
External	70,838	2,242	(2,262)	(20)	1,781	(765)	71,834
Internal	116,410	3,919	(5,688)	(1,769)	8,118	-	122,759
Total AMP Capital	187,248	6,161	(7,950)	(1,789)	9,899	(765)	194,593

AUM summary (A\$b)	Q4 18	Q1 19
	AUM	AUM
Closing AUM	187.2	194.6
Average AUM	188.1	192.0

¹ Other movements include fees, investment returns, distributions, taxes, and foreign exchange movements.

² Sale of management rights for the AIMS AMP Capital Industrial REIT to AIMS Financial Group.

³ AUM is invested capital. Committed real asset capital is excluded from AUM.

AMP Bank

AMP Bank by product	Q4 18	Other	Q1 19
Deposits and loans (A\$m)	end balance	movements ¹	end balance
Deposits (super and platform) ²	5,698	(175)	5,523
Deposits (other) ³	7,606	393	7,999
Loans	20,008	127	20,135

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

² At 31 Mar 2019, super and platform deposits include AMP Supercash and Super TDs (A\$1.7b), North and platform deposits (A\$3.9b).

³ Deposits (other) includes retail deposits, internal deposits, wholesale deposits and other deposits.

New Zealand wealth management

Cashflows by product (A\$m)	Cash inflows		Cash outflows		Net cashflows	
	Q1 19	Q1 18	Q1 19	Q1 18	Q1 19	Q1 18
KiwiSaver	162	150	(125)	(103)	37	47
Other ¹	110	140	(199)	(134)	(89)	6
Total New Zealand wealth management	272	290	(324)	(237)	(52)	53

AUM (A\$m)	Q4 18	Q1 19 Net cashflows		Total net	Other	Q1 19
	AUM	Superannuation	Investment	cashflows	movements ²	AUM
KiwiSaver	4,883	37	-	37	334	5,254
Other ¹	6,193	(8)	(81)	(89)	538	6,642
Total New Zealand wealth management	11,076	29	(81)	(52)	872	11,896

¹ Other includes superannuation, retail investment platform and legacy products.

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