

AMP Ethical Leaders International Share Fund - On-platform Class A

Investment objective

To provide high returns over the long term while accepting high levels of volatility in returns. The benchmark for the Fund is the MSCI All Country World Index. In seeking to achieve the investment objective, we aim to provide a total return, after costs and before tax, high than the return from the benchmark on a rolling 5 year basis.

How we manage your money

The Fund normally invests in international shares.

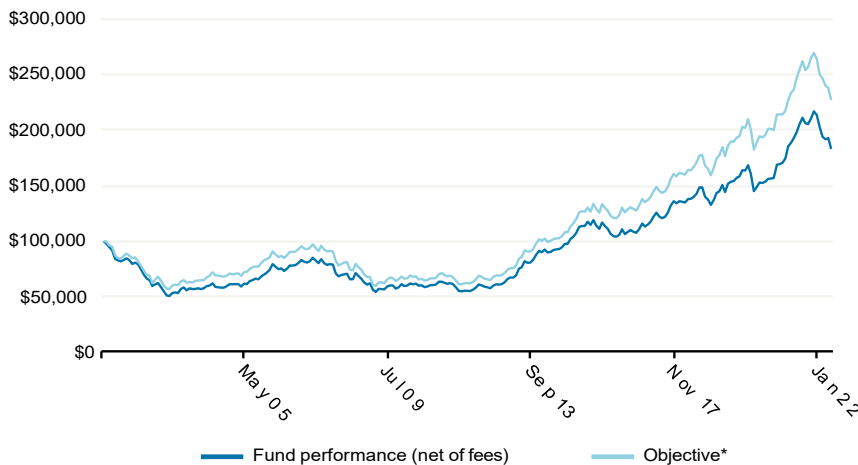
Performance as at 30 June 2022

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	-5.05	-5.60	-7.69	6.49	8.43	6.93	2.93
Objective*	-4.47	-7.90	-8.02	6.93	9.37	8.70	3.97
Excess return	-0.57	2.29	0.33	-0.44	-0.94	-1.77	-1.04

Past performance is not a reliable indicator of future performance. Performance is annualized for periods greater than one year. Total returns are calculated using the net asset value per unit for the relevant month end. This price may differ from the actual unit price for an investor buying or selling an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after fees and costs and assume all distributions are reinvested.

* The benchmark for this Fund changed from the MSCI World Accumulation Index to the MSCI All Country World Index on 1 August 2011. Past performance of this Fund is reported using the MSCI World Accumulation Index up to 31 July 2011. Performance reported after 1 August 2011 uses the current benchmark, the MSCI All Country World Index.

\$100,000 invested since inception



FUND FACTS

APIR	AMP0455AU
Inception date	20 April 2001
Fund Size	\$38,725,431
Total ongoing annual fees and cost*	1.16% p.a.
Buy/Sell spread*	+0.25%/-0.25%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	5 years

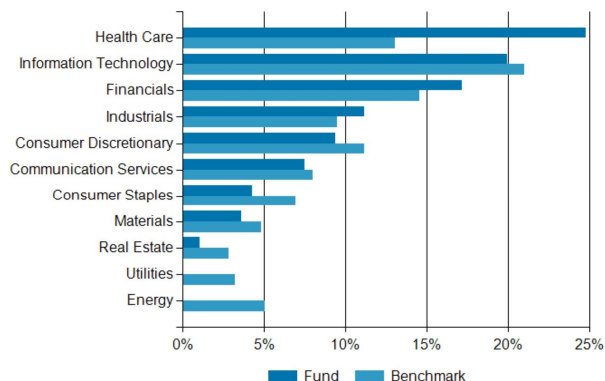
*Fee information is accurate as at 30 June 2021, and is updated bi-annually. The Fund PDS outlines the latest ongoing annual fees and cost as well as any member activity-related fees and costs (if applicable) that may apply to your investment. You can review the PDS at www.ampcapital.com

The new regulations effective from 30 September 2020 will change the way fees and costs are required to be disclosed to Investors. It is important to note these fees and costs have always existed and are factored into your net-of-fee returns. We are simply changing the way they are displayed. You are not being charged additional fees and costs.

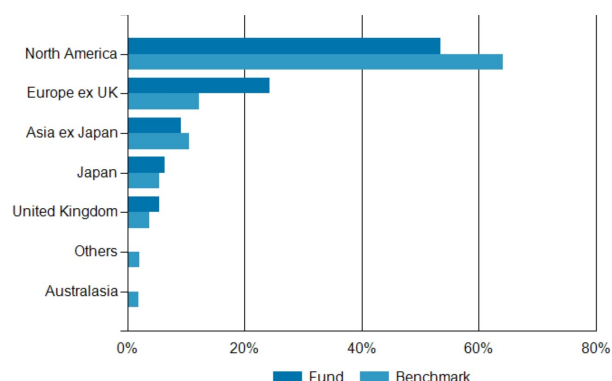
What happened last period

- Global shares continued to fall over the quarter on worries around recession, continued inflation and rising rates
- The Fund was negative, though outperformed the benchmark (before fees)
- Both our underlying managers outperformed their benchmarks

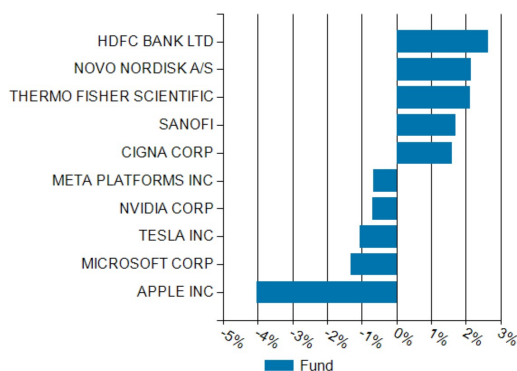
Sector allocation (%)



Regional allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund produced a negative absolute return in May, though outperformed the benchmark (before fees). In regard to our underlying managers, both Boston Partners and C Worldwide outperformed their respective benchmarks, though were negative in absolute terms as markets fell significantly.

Stock selection drove the outperformance, though asset allocation also assisted. The portfolio's developed-market holdings, which make up around 90% of the portfolio, outperformed its emerging-market holdings in both absolute and relative terms. On a regional basis, stock selection in the US was again the main driver of outperformance, while selection in Japan was the main detractor. On an industry sector basis, selection within health care was a major contributor, as many stocks within the sector outperformed amid further flight to defensives over the period. Being underweight (i.e., not owning) energy stocks again detracted, as the sector, while quite volatile over the period, continued to gain on the back high inflation levels and supply shortages driving energy prices up.

Of stocks held in the portfolio, top contributors included overweight holdings in Cigna, McKesson and Novo Nordisk. Shares in US based insurer, Cigna, rose (+20%) as the business confirmed

rising earnings, with analysts expecting further growth ahead. Shares in US based pharmaceutical distributor, McKesson, rose (+16%) amid a rising preference for defensive sectors over the period, as did shares in Danish pharmaceutical giant Novo Nordisk (+8%).

Top detractors included overweight holdings in ASML, Siemens and HCA Healthcare. Shares in Dutch semiconductor manufacturer ASML steadily fell through the period (-23%) amid a worsening global backdrop of ongoing supply issues and an increased likelihood of recession. Siemens shares fell (-21%), with the German engineering and manufacturing company ending the quarter by announcing a 2.8 billion euro write-down related to a fall in the value of Siemens Energy. HCA Healthcare shares fell significantly during the period (-27%), after the health facility operator announced first quarter results and forward guidance that disappointed the market.

Market review

Global shares fell significantly over the June quarter as the combination of prevailing high inflation, rising interest rates and fear of recession continued to dent market optimism. A highly volatile energy

market also impacted, exacerbated by the Russian war on Ukraine which further stoked market fears. The MSCI World ex Australia index returned -14.4% over the quarter, capping off one of the worst consecutive two quarters for performance in around 50 years. Some positives however did emerge, including China easing its lockdown restrictions and Fed officials slightly reining in their recent hawkish tone as some very tentative signs inflation may be close to a peak appeared. While corporate earnings growth has generally remained solid, management comments around increased cost pressures was another theme also likely factored into the price falls. Emerging markets also fell significantly, though to not as a great a degree as their developed peers, returning -8.1, as measured by the MSCI Emerging Markets index. China's easing of lockdowns appeared to be the prime driver of the outperformance. Meanwhile a strong US dollar may have likely capped stronger performance for emerging markets, as the majority of emerging market debt is held in this currency. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

As central banks continue to raise rates amid record levels of global debt, markets have begun to factor in a growing likelihood of recession, as well as inflation prevailing for some time yet. Corporate earnings remain mostly strong, though some companies have noted increased costs eating into margins. Russia's war on Ukraine meanwhile is continuing to exacerbate global supply chain issues. In this environment, businesses with a strong competitive advantage and power to raise prices are likely to gain market share. While further short-term volatility may ensue, we continue to believe the longer-term trend will remain to the upside, and that investors with a diversified portfolio of quality businesses, bought at a reasonable price, are likely to do relatively well.

Environmental, Social and Governance

During the June quarter, underlying manager Boston Partners engaged with Merck KGaA, a German multinational science and technology company. They enquired about disciplinary actions after noting that in 2021, there were 42 confirmed cases of violations of the Code of Conduct or other internal and external rules, of which seven were related to bribery and corruption and/or fraudulent actions.

Boston Partners also engaged with AutoZone, encouraging them to elect an independent Chairman and enhance shareholders rights. The manager also encouraged the company to provide additional information about employee training programs and to disclose supplier audits results, as well as to expand environmental disclosure and set climate targets in line with the Paris Agreement.

Meanwhile, CWorldwide engaged with Amazon.com, focusing mainly on the recent unionisation events. Amazon believes it is the employees' choice to join unions but does not encourage participation. Instead, the firm offers opportunities for the individual and enables managers to support the development of the individual employee. They are aware that there are differences between the US and Europe, where in the latter collective bargaining agreements are in place to some extent, and unionisation tends to be the norm. The manager clarified that their position is freedom of association no matter where employees work.

CWorldwide also met with multinational chemicals company Linde, to discuss its sustainability strategy, including climate change and ethics focus. Despite being a relatively high greenhouse gas (GHG) emitter, Linde has ambitious targets to reduce emissions and align with net-zero by 2050 through its work in a science-based targets working group for the chemicals sector. Nevertheless, one of the current critical challenges in reaching the goal is some stalling in the industry and a lack of political push for more renewables.



CERTIFIED BY RIAA

The AMP Capital Ethical Leaders Range has been certified by RIAA according to the strict disclosure practices required under the Responsive Investment Certification Program.

The Certification Symbol signifies that an investment product or services takes environmental, social, ethical or governance considerations into account along with financial returns. See www.responsibleinvestment.org for details¹.

1. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Portfolio Manager



Trent Loi

Trent Loi joined AMP Capital in May 2012 as the portfolio manager for the international share and Australian small companies' portfolios within the Specialist, AMP Capital Ethical Leaders, Experts' Choice and ipac ranges of funds. Prior to joining AMP Capital, he was an Associate Consultant at Mercer Investment Consulting. Prior to that, he was an Investment Analyst at Aon Investment Consulting.

Further information

For information about the Fund including fees, features, benefits and risks talk to your financial advisor today or read the product disclosure statement (PDS) which can be found on:

www.ampcapital.com/ethical-leaders-international-share-fund

You can also call us on **1800 658 404**



ipac Asset Management Limited (ABN 22 003 257 225, AFSL 234655) (ipac) is the responsible entity of the AMP Ethical Leaders International Share Fund - On-platform Class A (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) from National Mutual Funds Management Ltd. (ABN 32 006 787 720, AFSL 234652) (NMFML). 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. A target market determination has been made in respect of the Fund and is available at www.ampcapital.com/tmd Neither NMFML, ipac 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 document. Past performance is not a reliable indicator of future performance. While every care has been taken in the preparation of this document, AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This document has been prepared for the purpose of providing general information, without taking account of 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. This document is solely for the use of the party to whom it is provided and must not be provided to any other person or entity without the express written consent of AMP Capital. 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.