

Specialist Australian Small Companies Fund - On-platform Class A

Investment objective

The benchmark for the Fund is the S&P / ASX Small Ordinaries Accumulation Index. To provide total returns (income and capital growth) after costs and before tax, above the performance benchmark on a rolling 3 year basis.

How we manage your money

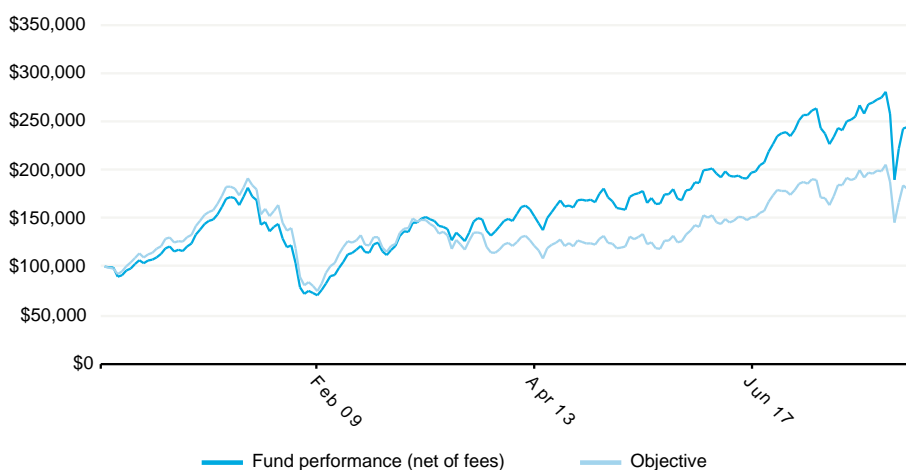
The Fund normally invests primarily in shares in small companies listed on the Australian Securities Exchange. Smaller companies are generally those defined as being outside the top 100 companies listed on the Australian Securities Exchange. However, there is some ability for managers to invest in those stocks in the Top 50-100 band if allowed for in the individual managers mandate. Up to 20% of the Fund may be invested in unlisted companies that are believed to be likely to be listed in the next 12 months on the Australian Securities Exchange.

Performance as at 31 December 2020

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	5.90	15.21	14.85	10.32	11.83	9.86	7.61
Objective	2.76	13.83	9.21	6.57	10.46	8.25	5.14
Excess return	3.15	1.39	5.64	3.74	1.37	1.60	2.47

Past performance is not a reliable indicator of future performance. Performance is annualised 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.

\$100,000 invested since inception



FUND FACTS

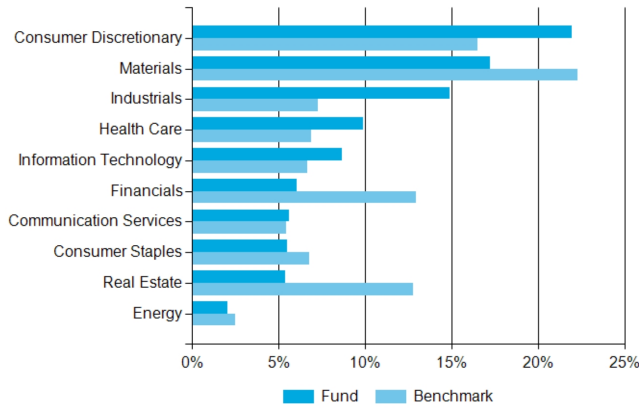
APIR	AMP0973AU
Inception date	10 January 2005
Fund Size	\$319,296,316
Management costs*	1.45% p.a.
Buy/Sell spread*	+0.30%/-0.30%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	7 years

*Fee information is accurate as at 30 June 2020, figures are updated bi-annually. The Fund PDS outlines the latest management costs and other relevant components, as well as other fees and costs that may apply to your investment. You can review the PDS at www.ampcapital.com

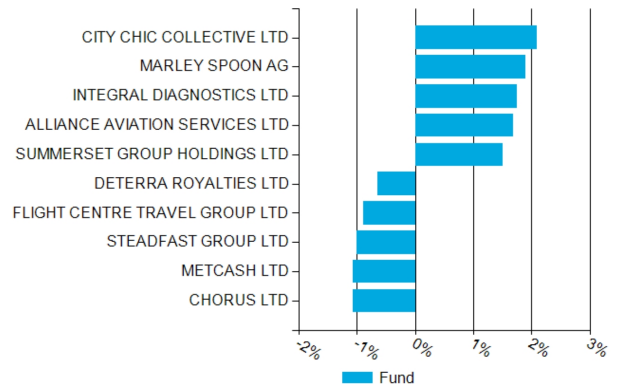
What happened last period

- Australian shares had an extremely strong December quarter, broadly reflecting the optimistic sentiment around the globe.
- The Fund posted a very strong positive absolute return and outperformed its benchmark (before fees).
- All four of the Fund's underlying managers posted strong positive absolute returns and Spheria, Eiger and Perennial outperformed the benchmark.
- Stock selection was the main driver of the outperformance, while sector allocation detracted from relative returns.
- The largest individual contributor to relative performance was an overweight position in Pilbara Minerals, which rocketed higher as excitement about electric cars drove up demand for lithium, which the company mines.

Sector allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund posted a very strong positive absolute return and outperformed its benchmark over the December quarter. All four of the Fund's underlying managers posted strong positive absolute returns and Spheria, Eiger and Perennial outperformed the benchmark. The Fund continues to outperform its benchmark over the longer term, including over 1, 2, 3 and 5 years, and since inception (annualised). (All returns are before fees.)

Stock selection was the main driver of the outperformance, while sector allocation detracted from relative returns. Regarding sector allocation, the main detractors from relative returns were underweight exposures to financials and materials, and overweight exposures to information technology and healthcare. The main contributor was an underweight exposure to real estate.

Regarding stock selection, the main contributors to relative returns were positions in materials, consumer discretionary, health care and communication services stocks. The main detractors were positions in information technology, financial and consumer staples stocks.

The largest individual contributor to relative performance was an overweight position in Pilbara Minerals. The mining company rocketed higher (+187.4%) as excitement about electric cars drove up demand for lithium, which the company mines in Pilbara, Western Australia. Other positive contributors included an underweight position in regenerative medicine company Mesoblast which dropped sharply (-55.7%) and an overweight position in mining company Lynas Rare Earths which soared (+71.6%) over the period.

The largest individual detractor from relative performance was an underweight position in Virgin Money UK. The financial services provider shot higher (+83.0%) mainly due to optimism around the availability of COVID-19 vaccines, and despite releasing very disappointing full-year 2020 results. Other detractors included an overweight position in food delivery service Marley Spoon which fell (-2.9%) and an underweight position in mining company Mineral Resources which rallied

(+33.7%).

Market review

Australian shares had an extremely strong December quarter, rising by 13.70%, as measured by the S&P/ASX 200 index on a total return basis. Moves in the Australian share market broadly reflected optimistic sentiment around the globe. In October, stocks rose amid improving domestic economic indicators, as well as further stimulus measures introduced in the Australian Federal Budget. Victoria also announced its intention to "reopen" its economy after one of the harshest lockdowns so far seen. An RBA rate cut, combined with a quantitative easing programme announcement in the first week of November further spurred stocks, although the real booster came shortly after multiple successful vaccine trials were announced overseas, causing markets to surge. Victoria also continued to emerge from its second wave of COVID-19 cases, with the virus apparently all but eliminated across the state by the end of November. Towards the quarter's end, news-flow continued to centre around the rollout of COVID-19 vaccines, though continued solid economic indicators in the US and a Brexit deal finally being reached in the UK added further support. The Australian economy meanwhile moved out of recession and this, combined with improving consumer confidence, continued ultra-low interest rates and continued RBA quantitative easing, all helped push markets higher, even despite a new COVID-19 outbreak emerging in Sydney around Christmas time.

Outlook

Australian shares will likely continue to be strongly influenced by global markets and events. Like its international peers, Australia's economic growth has slumped, though evidence of a bounce-back has emerged in some sectors as borders are opened, pandemic restrictions wound down, and GDP returns to some form of normalcy. Australia's greater degree of government stimulus (relative to other countries) and low COVID-19 cases from an international perspective should help support

domestic shares, though there are continuing issues, such as soured trade relations with China and a continued lack of medium-term earnings visibility for many companies. Given the large price rises through most of 2020, there may be an increased risk of corrections, though we believe the longer-term trend is likely to remain positive. We continue to believe investors should be selective and, as always, maintain a longer-term perspective.

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/specialist-australian-small-companies-fund

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

INSIGHTS
IDEAS
RESULTS

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