

# 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

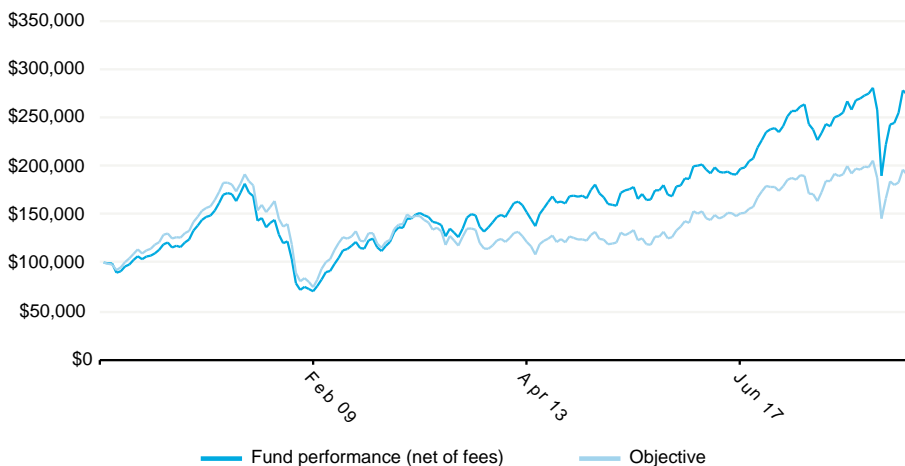
The Fund normally invests primarily in shares in small companies listed on the Australian Securities Exchange. Smaller companies are generally those defined as being outside the top 100 companies listed on the Australian Securities Exchange. However, there is some ability for managers to invest in those 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 March 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	0.81	4.35	73.40	11.89	12.96	9.96	7.78
Objective	0.79	2.09	52.15	8.33	10.69	8.44	5.20
Excess return	0.02	2.27	21.25	3.57	2.28	1.53	2.58

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

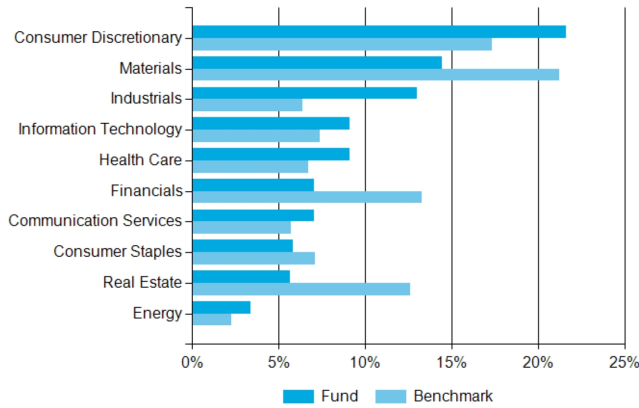
APIR	AMP0973AU
Inception date	10 January 2005
Fund Size	\$366,945,380
Management costs*	1.45% p.a.
Buy/Sell spread*	+0.30%/-0.30%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	7 years

\*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](http://www.ampcapital.com)

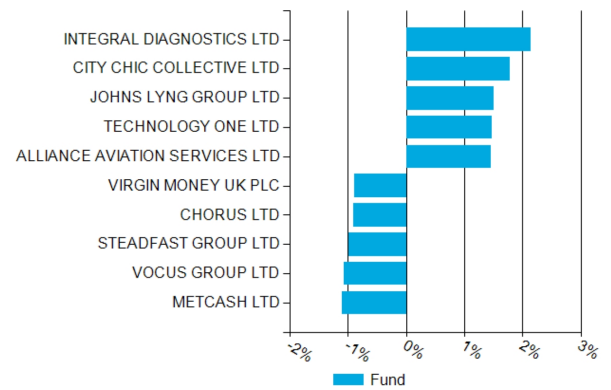
## What happened last period

- Australian shares climbed higher over the March quarter, as global economies continued to recover from the COVID-19 pandemic.
- The Fund posted a strong positive return and outperformed its benchmark (before fees).
- All four of the Fund's underlying managers posted positive returns and Eiger, Spheria 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 Calix, which soared along with interest in its developments of more environmentally friendly solutions for industries.

## Sector allocation (%)



## Top/Bottom Excess Weights



## Fund Performance

The Fund posted a strong positive return and outperformed its benchmark over the March quarter. All four of the Fund's underlying managers posted positive returns and Eiger, Spheria and Perennial outperformed the benchmark. The Fund continues to strongly 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 an overweight exposure to industrials and an underweight exposure to financials, while the main contributors were an underweight exposure to real estate and an overweight exposure to consumer discretionary.

Regarding stock selection, the main contributors to relative returns were positions in industrials, materials, communication services and health care stocks, while the main detractors were positions in consumer staples stocks.

The largest individual contributor to relative performance was an overweight position in Calix. The technology company soared (+100.9%) along with interest in its developments of more environmentally friendly solutions for industries. It also reported very strong full-year 2020 results and provided robust earnings guidance. Other positive contributors included an overweight position in mining company Lynas Rare Earths which continued to climb (+55.0%), and an underweight position in infection prevention company Nanosonics which fell (-29.0%) over the period.

The largest individual detractor from relative performance was an underweight position in Virgin Money UK. The financial services provider rallied strongly (+44.7%) mainly due to optimism around the availability and rollout of COVID-19 vaccines, and despite releasing disappointing full-year 2020 results. Other detractors included an underweight position in retailer Harvey Norman which gained (+26.4%), and an overweight position in software

company Limeade which fell sharply (-43.9%) over the period.

## Market review

Australian shares climbed higher in the March quarter, rising by 4.26% as measured by the S&P/ASX 200 index on a total return basis, as global economies continued to recover from the COVID-19 pandemic. Similar to the tone in international markets, sentiment in the Australian market was generally optimistic, despite some underlying pockets of concern. This was aided by a strong half-yearly company reporting season, which produced mostly good results relative to the prior period. Many companies' earnings bounced back significantly towards (and in some cases beyond) their pre-COVID levels, leading some businesses to increase dividends and reintroduce forward guidance. The retail and mining sectors were standout sectors for strong results. Banks were also able to reduce some of their bad debt provisions. The global theme of rotation from growth and technology-orientated stocks towards value and cyclical stocks also prevailed in the domestic market. While Australia still appears well placed in a global sense to emerge strongly from the COVID-19 crisis, concerns around wages growth and inflation levels remain, which was reflected in comments from the RBA who reiterated they would continue their stimulatory policy strategy for as long as necessary, which helped support the market. Concerns around Australia's debt levels also remain a talking point.

## Outlook

Australian shares will likely continue to be strongly influenced by global markets and events. The hope is that, now the COVID-19 vaccination programme has started to roll out, the economy will be able to return to more normalised growth in a reasonable timeframe, boosting business and consumer confidence. Australia's greater degree of government stimulus (relative to other countries) and low COVID-19 cases from an international perspective should aid the recovery process. However, soured trade relations with China and a

continued lack of medium-term earnings visibility for many companies remain a spectre. In addition, the upcoming wind-down in government support programmes will add to uncertainty. Given the large equity price rises post the large pandemic-induced correction early in 2020, there is an increased risk of a correction, 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](http://www.ampcapital.com/specialist-australian-small-companies-fund)

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

INSIGHTS  
IDEAS  
RESULTS

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