

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

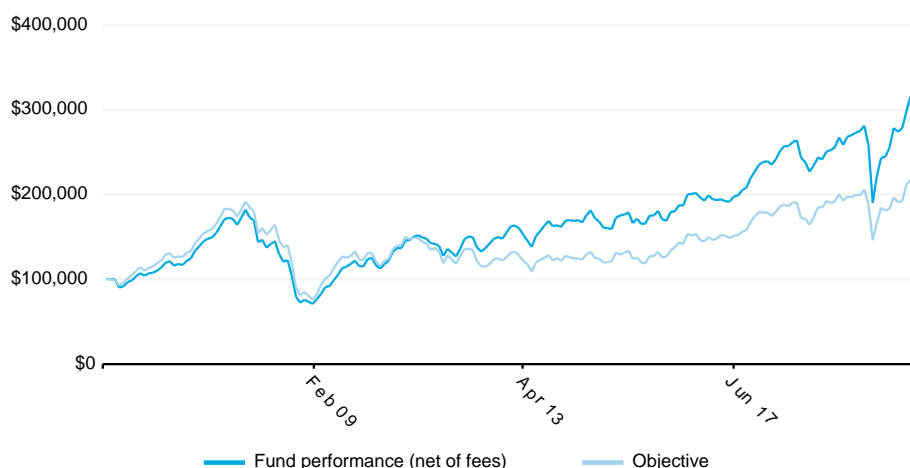
The Fund normally invests primarily in shares in small companies listed on the Australian Securities Exchange (ASX). Smaller companies are generally those defined as being outside the top 100 companies listed on the ASX. However, there is some ability for managers to invest in those stocks in the Top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

Performance as at 30 June 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	3.57	8.12	45.64	11.49	13.78	11.44	8.16
Objective	3.08	8.50	33.23	8.60	11.24	10.07	5.64
Excess return	0.49	-0.38	12.41	2.89	2.55	1.37	2.53

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

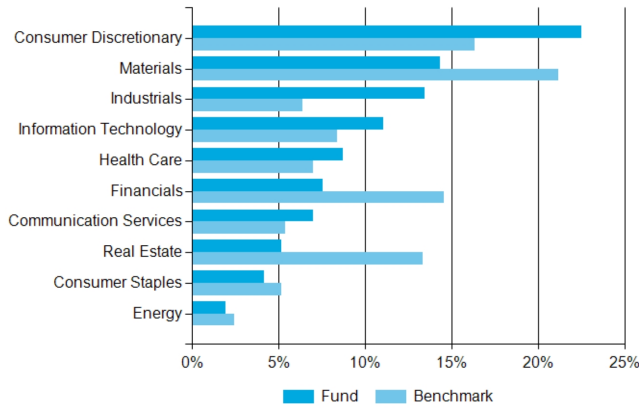
APIR	AMP0973AU
Inception date	10 January 2005
Fund Size	\$376,146,064
Management costs*	1.45% p.a.
Buy/Sell spread*	+0.30%/-0.30%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	7 years

*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

- In line with bullish international markets, Australian shares rose strongly over the June quarter.
- The Fund posted a strong positive return, but slightly underperformed its benchmark (before fees).
- All four of the Fund's underlying managers posted strong positive returns and Elly Griffiths, Perennial and Spheria outperformed the benchmark.
- Stock selection was the driver of the outperformance, while sector allocation detracted from relative returns.
- The largest individual contributor to relative performance was an overweight position in the plus-size women's clothing retailer City Chic Collective, which continues to benefit from its significant online presence throughout the pandemic period.

Sector allocation (%)



Fund Performance

The Fund posted a strong positive return, but slightly underperformed its benchmark over the June quarter. All four of the Fund's underlying managers posted strong positive returns and Elly Griffiths, Perennial and Spheria outperformed the benchmark. The Fund continues to significantly outperform its benchmark over the longer term, including over 1, 2, 3 and 5 years, and since inception. (All returns are before fees.)

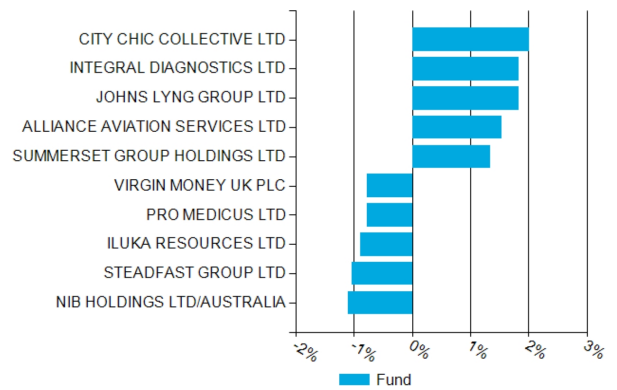
Stock selection was the driver of the outperformance, while sector allocation detracted from relative returns. Regarding sector allocation, the main detractors from relative returns were an overweight exposure to industrials and underweight exposures to financials and materials. The cash holding also detracted from relative returns as the market rallied. The main contributor was an underweight exposure to consumer staples.

Regarding stock selection, the main contributors to relative returns were positions in industrials, consumer discretionary, information technology and real estate stocks, while the main detractors were positions in health care and energy stocks.

The largest individual contributor to relative performance was an overweight position in City Chic Collective. The plus-size women's clothing retailer soared (+37.9%) as it continues to benefit from its significant online presence throughout the pandemic period. The company is also benefitting from its growing international presence, after it made some strategic acquisitions in the US and UK late last year. Other positive contributors included overweight positions in building services company Johns Lyng Group which rallied (+32.1%) and online consumer credit business MoneyMe which shot higher (+62.3%) over the period.

The largest individual detractor from relative performance was an underweight position in Whitehaven Coal. The coal miner gained (+9.9%) despite production issues at its Narrabri operation, as coal prices surged towards all-time highs. It was also supported by several broker upgrades. Other detractors included an underweight position in connectivity software provider Megaport which

Top/Bottom Excess Weights



soared (+66.2%), and an overweight position in travel agency company Flight Centre which fell (-17.5%) over the period.

Market review

In line with bullish international markets, Australian shares rose strongly over the June quarter, with the S&P/ASX 200 index closing the period 8.29% higher, on a total return basis. While the global recovery was the prime driver, the Reserve Bank of Australia (RBA) continued to play its part, as it again reiterated its commitment to low cash rates for as long as necessary. Domestic economic indicators, such as jobs figures, also remained strong, leading to rising speculation towards the end of the quarter on the timing of future rate hikes. Growth segments of the market generally did well over the quarter as the global economic recovery continued. At a sector level, information technology shares were the strongest performers over the quarter amid stabilising bond yields as well as further merger and acquisition activity. Communications services and consumer discretionary stocks also did well, while the energy and the utilities sectors meanwhile posted negative returns for the period. The market's focus is now clearly on the RBA showing any sign of changing its timeline for rate rises, as well as any tapering of its bond purchases.

Outlook

Australian equities continue to be strongly influenced by global markets and events. The economic backdrop is complicated by shifting policy on vaccine rollout by the Federal Government, most recently by a pivot in rollout emphasis from the AstraZeneca to the Pfizer option, which will push out the herd immunity date as further Pfizer supplies need to be sourced. The risk is that a prolonged rollout period could dent business and consumer confidence which could feed into equity prices in the short term.

Despite this, Australia's greater degree of government stimulus relative to other countries, low COVID-19 cases from an international perspective, and a supportive commodities backdrop do look to

be aiding the recovery process. The effect of the wind-down in government support programmes has proved so far to be relatively benign. Although large equity price rises have increased the risk of a correction, 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**

The logo consists of the words "INSIGHTS", "IDEAS", and "RESULTS" stacked vertically in a blue, sans-serif font. To the left of the text is a stylized blue graphic element that resembles a curved arrow or a partial circle pointing towards the text.

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