

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

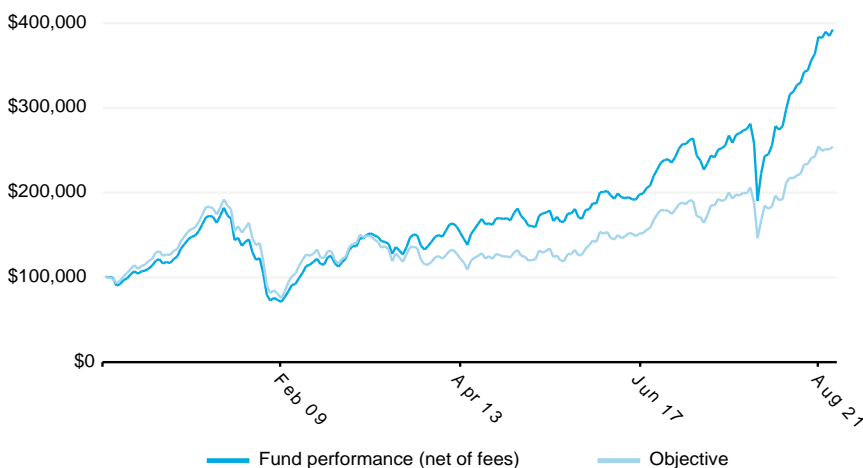
The Fund normally invests primarily in shares in small companies listed on the Australian Securities Exchange (ASX). Smaller companies are generally those defined as being outside the top 100 companies listed on the ASX. However, there is some ability for managers to invest in those stocks in the Top 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 31 December 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	1.98	2.65	24.30	20.05	14.58	13.67	8.53
Objective	1.41	2.03	16.90	15.71	11.17	11.31	5.80
Excess return	0.57	0.62	7.41	4.33	3.40	2.36	2.73

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	\$354,813,361
Total ongoing annual fees and cost*	1.89% p.a.
Buy/Sell spread*	+0.30%/-0.30%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	7 years

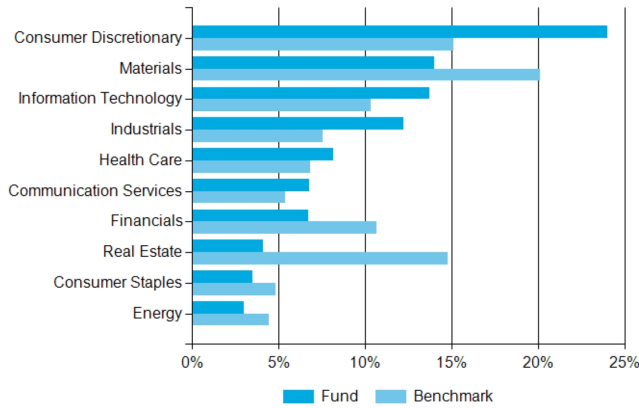
*Fee information is accurate as at 30 June 2021, and is updated bi-annually. The Fund PDS outlines the latest ongoing annual fees and cost as well as any member activity-related fees and costs (if applicable) that may apply to your investment. You can review the PDS at www.ampcapital.com

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.

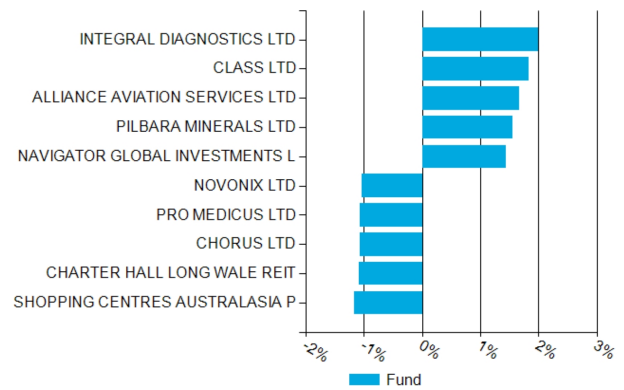
What happened last period

- Australian shares range-traded for much of the December quarter amid mixed sentiment, before a small Santa Claus rally at year-end led the market higher.
- The Fund posted a positive return and comfortably outperformed its benchmark (before fees).
- All four of the Fund's underlying managers posted positive returns, with three also outperforming 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 Class Ltd, which scored on news of

Sector allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund posted a positive return and comfortably outperformed its benchmark over the December quarter. All four of the Fund's underlying managers posted positive returns and three outperformed the benchmark, led by Elly Griffiths Group. Eiger Asset Management lagged, following a prolonged period of stellar performance. 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 underweight exposure to materials and an overweight exposure to consumer discretionary. The main contributors were underweight exposures to financials and energy.

Regarding stock selection, the main contributors to relative returns were positions in industrials and communication services, while the main detractors were positions in real estate and information technology stocks.

The largest individual contributor to relative performance was an overweight position in Class Ltd. The SMSF administration software company soared (+57%) on news of a takeover bid from HUB24, with the offer coming at a significant premium to Class' previous closing share price and other favourable terms. Other positive contributors included an underweight (not held) position in digital retail payments company Zip Co which fell heavily (-39%) and an overweight position in emerging lithium and tantalum miner Pilbara Minerals which rallied (+22%) over the period.

The largest individual detractor from relative performance was an overweight position in Nitro Software. The workforce productivity software supplier fell heavily (-32%) alongside other technology stocks which have not yet reached profitability and was also impacted when its US-based competitor DocuSign announced its outlook towards the end of the period which disappointed the market. Other detractors included overweight

positions in travel agency Flight Centre Travel Group which retraced (-18%), and apparel retailer City Chic Collective which also fell (-15%) over the period.

Market review

Despite a strong international lead, Australian shares range-traded for much of the December quarter against a backdrop of mixed sentiment, before a small Santa Claus rally at year-end led the S&P/ASX 200 index to finish up by 2.09% on a total return basis. Economic data released throughout the quarter was generally consistent with a strong bounce-back following the removal of various Delta-wave lockdowns and restrictions prior to the period, though inflation continued to rise. The latest new COVID-19 variant, Omicron, meanwhile added uncertainty, though state governments have so far been somewhat more restrained with reintroducing restrictions amid high vaccination rates, as well as growing fatigue towards restrictions in general from the public. Given the global inflationary environment, speculation on future interest rate rises was a theme, which impacted sentiment towards some sectors. At a sector level, materials and utilities were the clear outperformers, likely owing respectively to rising commodity prices and a growing search for shelter from inflation. Energy and information technology (IT) meanwhile pulled back over the period, as some pessimism spilled over from global markets amid ongoing supply constraints as well as some specific overseas IT company issues.

Outlook

With national vaccination levels now high and international borders more open (albeit with some limitations and restrictions), businesses confidence has improved significantly relative to earlier in the pandemic. However, this continues to be complicated by different attitudes towards reopening between state governments, which will continue to undermine confidence until resolved. Similar to overseas, domestic inflation remains a concern, with the Reserve Bank of Australia (RBA) now subtly suggesting it may raise rates a little

earlier than initially expected, though also reiterating it will not be rushed. Corporate earnings and growth, meanwhile, remain generally solid. Stepping back to a longer-term timeframe, we believe the market will ultimately continue to rise, though with some bumps on the way, as is usually the case. 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 drop shape pointing downwards and to the right.

INSIGHTS
IDEAS
RESULTS

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