

# 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

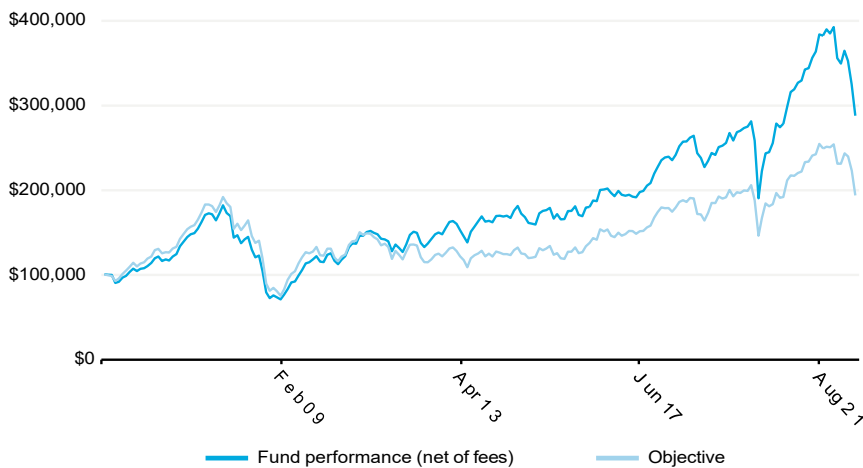
The Fund normally invests primarily in shares in small companies listed on the Australian Securities Exchange (ASX). Smaller companies are generally those defined as being outside the top 100 companies listed on the ASX. However, there is some ability for managers to invest in those stocks in the Top 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 2022

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	-11.51	-21.14	-19.30	4.02	7.81	8.15	6.37
Objective	-13.09	-20.39	-19.52	0.38	5.07	6.64	4.01
Excess return	1.58	-0.75	0.22	3.64	2.73	1.52	2.36

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	\$230,748,588
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

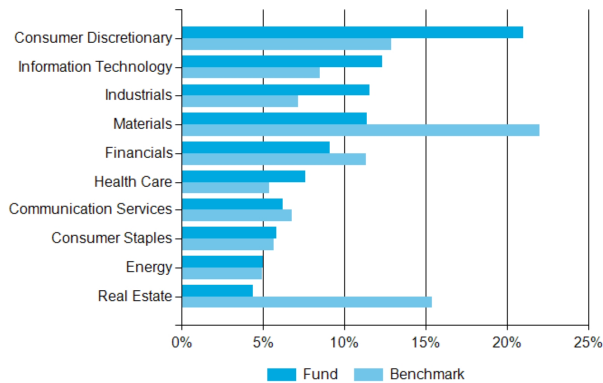
\*Fee information is accurate as at 30 June 2021, and is updated bi-annually. The Fund PDS outlines the latest ongoing annual fees and cost as well as any member activity-related fees and costs (if applicable) that may apply to your investment. You can review the PDS at [www.ampcapital.com](http://www.ampcapital.com)

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

- The broader Australian share market fell in the June quarter, with small companies lagging larger companies.
- The Fund posted a negative return and underperformed its benchmark (before fees).
- All of the Fund's four underlying managers posted negative returns, with one outperforming the benchmark.
- Sector allocation added value, whereas stock selection detracted from relative returns.

## Sector allocation (%)



## Fund Performance

The Fund posted a negative return and underperformed its benchmark over the June quarter. All of the Fund's four underlying managers lost ground, with Spheria outperforming the benchmark. The Fund continues to comfortably outperform its benchmark over the longer term, including over 1, 2, 3 and 5 years, and since inception. (All returns are before fees.)

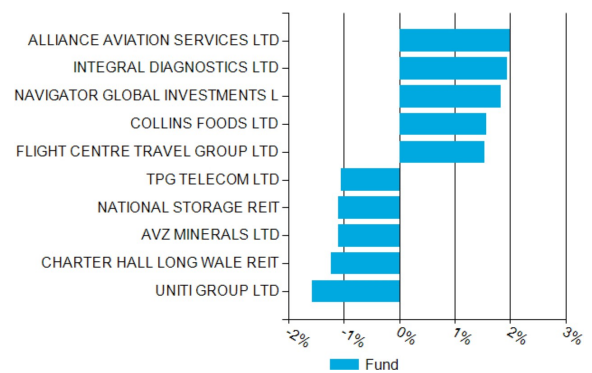
Sector allocation contributed to relative returns, whereas stock selection detracted overall. Regarding sector allocation, the main contributor was the underweight exposure to materials (which significantly lagged other parts of the market). As the market retreated, the Fund's cash position also enhanced returns. The main detractors from relative returns were underweight exposures to real estate and energy (which was the only small companies sector to post a positive return).

Regarding stock selection, the main detractors from relative returns were positions in communication services and consumer discretionary, while the main contributors were positions in IT stocks.

The largest individual detractor from relative performance was the nil position in Whitehaven Coal. The coal miner (+20%) saw its share price continue to benefit as coal prices globally remained elevated, supported by energy demand and the impact of supply disruptions. Other detractors included an overweight position in location-based service provider Life360 (-52%) and an underweight exposure to telecommunications infrastructure company Uniti Group (+4%).

The largest individual contributor to relative performance was the nil position in lithium explorer and developer Lake Resources (-61%), which saw its shares suffer following the shock resignation of its chief executive officer and managing director, prompting investor fears of underlying issues within the company. Other positive contributors included the nil position in battery materials and technology

## Top/Bottom Excess Weights



company NOVONIX (-63%) and an underweight position in cloud-based connectivity provider Megaport (-61%).

## Market review

Australian shares fell significantly over the June quarter on the back of broader global falls, with the S&P/ASX 200 index returning -11.9% (on a total return basis) for the period. Similar to international shares, Australian share prices continued to be driven by rising interest rates, higher inflation and fears of recession. Australian corporate earnings, which are weighted towards financials largely on the back of residential property, also added to concern as the housing sector came under further pressure amid the rising rate environment. A number of major home builders also experienced financial strife during the period, further impacting confidence. On the positive side, Australia's economy continues to reap benefits from high commodity prices, particularly coal, which recently overtook iron ore as our largest export. However, a turbulent, struggling energy market, not helped by the war in eastern Europe, impacted energy stocks over the period. At a sector level, information technology (IT) was the weakest performer as the segment continued its global correction which began in 2021. Real estate and financials also struggled over the quarter. Relatively better performance meanwhile was seen in more defensive sectors, such as utilities and healthcare.

## Outlook

Corporate earnings growth in Australia remains reasonably strong, with earnings and dividends still growing, though at a slightly reduced rate. Cost pressures however are impacting businesses and, in many cases, are being passed onto the customer. The broader economy exhibits strong employment levels and terms of trade, however consumers' ability to spend is falling as interest rates rise. Like overseas markets, inflation remains a prime concern, reflected by a hawkish RBA. The

markets as interest rates rise. Longer-term, we believe the market will continue its upwards path, with volatility in the shorter-term likely to provide opportunities along the way.

## 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

AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) is the responsible entity (Responsible Entity) of the Specialist Australian Small Companies 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 AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232 497) (AMP Capital). The PDS contains important information about investing in the Fund and it is important that investors read the PDS before making an investment decision about the Fund. A target market determination has been made in respect of the Fund and is available at [www.ampcapital.com/TMD](http://www.ampcapital.com/TMD). Neither AMP Capital, the Responsible Entity, 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. 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 consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs. This document should not be reproduced in whole or in part without the express written consent of AMP Capital.