

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

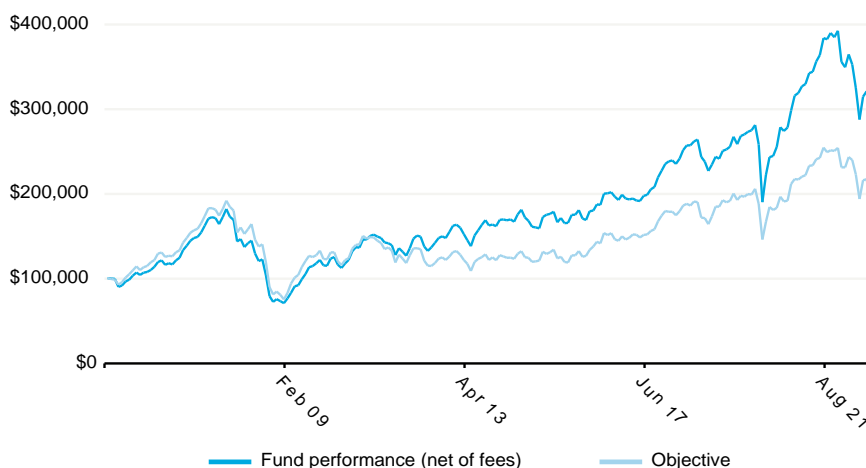
The Fund normally invests primarily in shares in small companies listed on the Australian Securities Exchange (ASX). Smaller companies are generally those defined as being outside the top 100 companies listed on the ASX. However, there is some ability for managers to invest in those stocks in the Top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

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	-8.20	2.45	-22.96	3.18	7.22	8.59	6.42
Objective	-11.20	-0.47	-22.56	-0.80	4.07	7.17	3.92
Excess return	2.99	2.93	-0.40	3.97	3.14	1.42	2.50

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

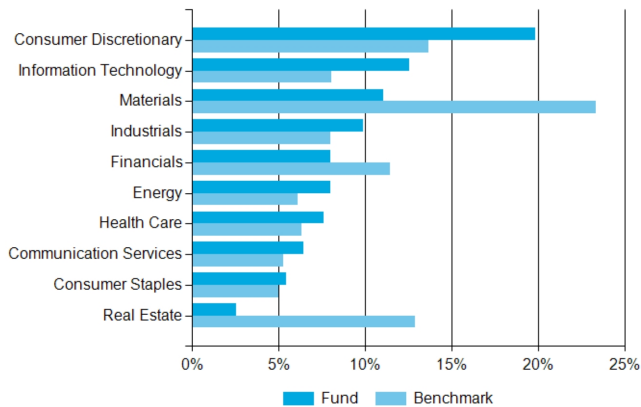
APIR	AMP0973AU
Inception date	10 January 2005
Fund Size	\$192,053,108
Total ongoing annual fees and cost*	1.89% p.a.
Buy/Sell spread*	+0.30%/-0.30%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	7 years

*Fee information is correct as of 30 June 2021 and is updated biannually. Total ongoing annual fees and costs are made up of management fees and costs, performance fees (if applicable) and transaction costs. You should refer to the current PDS or other offer document for the relevant Fund available at www.amp.com.au/investments for the latest ongoing annual fees and costs as well as member activity-related fees and costs (if applicable).

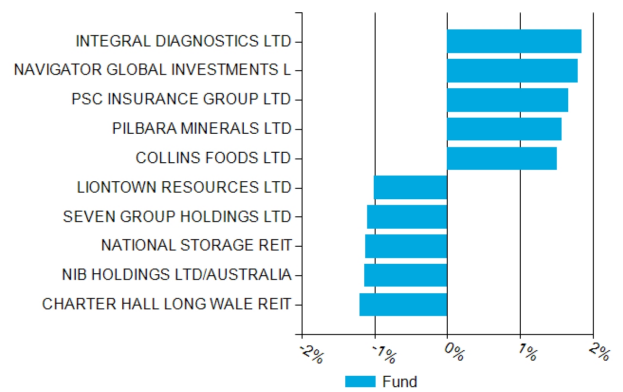
What happened last period

- The broader Australian share market rose in the September quarter, with small companies lagging larger companies to fall slightly.
- The Fund posted a positive return and comfortably outperformed its benchmark (before fees).
- Two of the Fund's four underlying managers gained ground and also significantly outperformed the benchmark.
- Stock selection as well as sector allocation contributed to the Fund's relative returns.

Sector allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund posted a positive return and comfortably outperformed its benchmark over the September quarter. There was significant divergence in returns in the Fund's underlying managers, with two of the Fund's four managers gaining ground. Eiger was the standout performer and Elly Griffiths also added significant value with each also exceeding the benchmark return. The Fund continues to 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 as well as stock selection contributed to relative returns. Regarding sector allocation, most of the Fund's positions enhanced returns, with the main contributors being the underweight exposure to real estate and overweight positions in energy (the best performing sector during the period) and industrials. There were no material detractors.

Turning to stock selection, the Fund's positions in all sectors contributed except for exposures within health care and industrials. Stocks held in materials accounted for most of the outperformance, with IT, real estate, financials and communication services stocks also adding to relative returns.

The largest individual contributor to relative performance was the nil position in lithium and tin explorer AVZ Minerals (-100%), with the extended ongoing voluntary share trading halt relating to its mining and exploration rights for the Manono Lithium and Tin Project in the Congo also seeing its removal from the ASX300 market index. Other major contributors included stellar performers lithium and tantalite miner Pilbara Minerals (+99%) and location-based service provider Life360 (+74%).

The largest individual detractor from relative performance was the underweight position in Liontown Resources. The lithium producer (+41%) saw its share price continue to be buoyed by the ongoing demand for battery minerals required for electric vehicles. Other detractors included overweight positions in financials services and tech provider IRESS (-21%) and remote site aviation

service provider Alliance Aviation Services (-13%).

Market Review

Australian shares rose through the first half of the September quarter, before pulling back by the end of the period, to finish up by just 0.4%, as measured by the S&P/ASX 200 index (on a total return basis). Dividends were responsible for the positive return, as on a price basis the market was in the red. Earlier in the quarter, optimism grew on hopes the RBA, along with other central banks, may not have to be quite as hawkish as expected, given some evidence inflation may be near a peak. While earnings reports in August showed reasonable earnings growth, outlooks from companies unsurprisingly called out cost pressures as a headwind in the difficult climate. Sentiment then waned through the latter stages of the quarter, as central banks overseas reaffirmed hawkish stances and resolve to prioritise addressing high inflation. In regard to sector performance, energy was the standout performer amid continued price rises, while the interest rate-sensitive utilities and real estate sectors performed poorly.

Outlook

Corporate earnings growth in Australia remains reasonable, though should be considered in real terms, given the ongoing high levels of inflation. Businesses remain focussed on cost pressures, which in many cases are being passed onto customers. Similar to overseas markets, inflation remains a prime concern, as consumers' ability to spend is gradually coming under more pressure amid continued rate hikes from the Reserve Bank of Australia (RBA). Meanwhile, the sharp downturn in Australian residential housing, where valuations remain very high despite recent falls, may continue for some time yet as interest rates normalise. However, the RBA has started slowing the pace of hikes in the last meeting, and current inflation and wage growth pressures are less prominent in Australia compared to other developed markets. Over the long-term, we believe the Australian shares will continue to rise, with volatility in the shorter-term likely to provide more opportunities.

Portfolio Manager



Trent Loi

Trent is the Portfolio Manager for the international share and Australian small companies portfolios within the Specialist, Experts' Choice and ipac ranges of funds. In this role, he is responsible for devising investment strategy, conducting manager research & selection and constructing multi-manager portfolios. Prior to joining AMP Capital in May 2012, he was an Associate Consultant at Mercer 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.amp.com.au/investments

You can also call us on **133 267**

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