

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

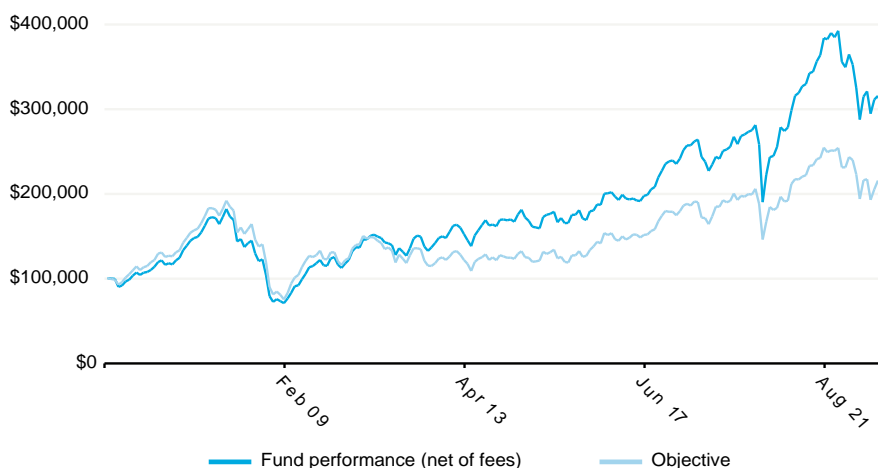
The Fund normally invests primarily in shares in small companies listed on the Australian Securities Exchange (ASX). Smaller companies are generally those defined as being outside the top 100 companies listed on the ASX. However, there is some ability for managers to invest in those stocks in the Top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

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	-3.14	3.71	-22.17	3.58	5.37	7.81	6.54
Objective	-3.73	7.54	-18.38	1.38	2.92	6.64	4.29
Excess return	0.59	-3.83	-3.78	2.20	2.45	1.16	2.26

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

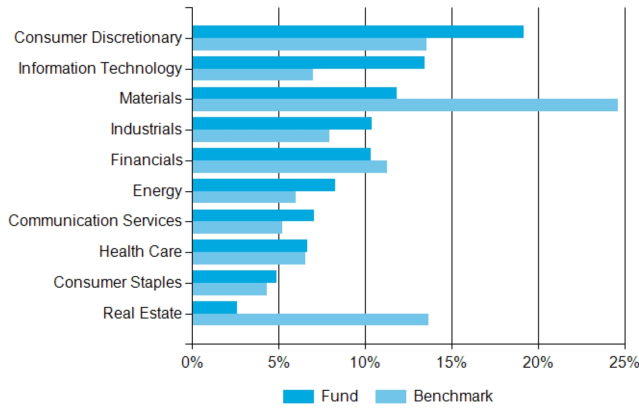
APIR	AMP0973AU
Inception date	10 January 2005
Fund Size	\$192,239,651
Total ongoing annual fees and cost*	1.79% p.a.
Buy/Sell spread*	+0.30%/-0.30%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	7 years

*Fee information is correct as of 30 June 2022 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).

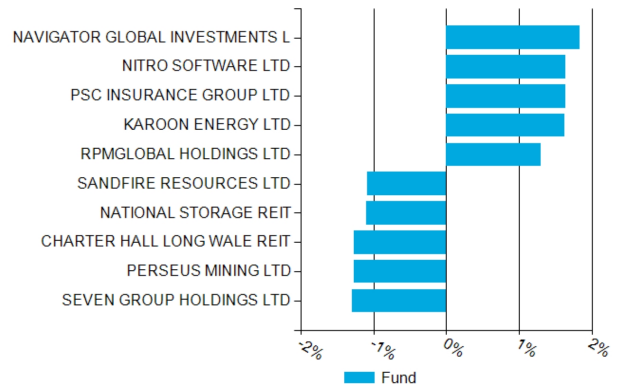
What happened last period

- The broader Australian share market rose strongly in the December quarter, with small companies lagging larger companies to also gain.
- The Fund posted a positive return and underperformed its benchmark.
- All of the Fund's four underlying managers gained ground, although each underperformed the benchmark.
- Stock selection as well as sector allocation hampered the Fund's relative returns.

Sector allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund posted a positive return and underperformed its benchmark over the December quarter. There was significant divergence in the Fund's underlying managers' performance. All four managers gained ground as well as underperforming the benchmark return, with Eiger and Elly Griffiths faring the best on a relative basis. The Fund continues to outperform its benchmark over the longer term, including over 3 and 5 years, and since inception.

Sector allocation as well as stock selection hampered the relative returns during the period. Regarding sector allocation, the main detractors were the underweight exposures to materials and real estate and overweight position in IT. The main contributor was an underweight exposure to financials.

Turning to stock selection, the Fund's positions in most sectors detracted from returns, with positions in consumer discretionary, health care and communication services accounting for most of the underperformance. On the flipside, IT stock positions were strong contributors.

The largest individual contributor to relative performance was the overweight holding in workforce productivity software supplier Nitro Software (+38%), which saw its share price surge following a takeover bid by Potentia Capital which then drew a high counter-bid from KKR-owned US productivity company Alludo. Other major contributors included nil positions in lithium producer Ioneer Ltd (-40%) and investment manager Magellan Financial Group (-21%).

The largest individual detractor from relative performance was the overweight holding in gas producer Cooper Energy (-27%). The company's share price came under pressure alongside others in the local gas industry after the government passed legislation imposing temporary price caps on gas and coal in response to soaring gas prices.

Other detractors included an overweight position in apparel retailer City Chic Collective (-63%) and a nil position in gold miner Perseus Mining (+39%).

Market Review

Similar to global peers, Australian shares rose strongly over the December quarter, finishing the period up by 9.4%. The bulk of the gains were made in October and November, as markets rose on optimism that inflation may be pulling back overseas, particularly in the US, while many central banks, including the RBA, reduced the increments of monetary tightening. December however saw some falls, as markets appeared to have become perhaps a little ahead of themselves with regard to an improving inflationary outlook, amid a realisation that interest rates may still be higher for some time yet. Australia appears to be around 6 months behind the US with regard to the path of inflation, though of course, there is no guarantee how closely this path will be followed. The domestic earnings season also featured during the quarter, and while current period profits were generally reasonable, a number of companies lowered their earnings forecasts amid rising costs. Regarding specific sector returns, utilities and materials were the strongest performers, though all sectors produced positive returns for the period.

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 are generally being passed onto customers. Similar to overseas markets, inflation remains a prime concern, as consumers' ability to spend is being cramped amid continued rate hikes. The RBA however has slowed the pace of hikes, and current inflation and wage growth pressures are less prominent in Australia compared to other developed markets. Over the long-term, we believe 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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