September 2020

Specialist Geared Australian Share Fund - On-platform Class A

Investment objective

To provide high returns over the long term through geared exposure to securities listed on the Australian Securities Exchange. The objective of the Fund's portfolio before gearing is applied is to provide total returns (income and capital growth) after costs and before tax, above the S&P/ASX 200 Accumulation Index on a rolling 3 year basis.

How we manage your money

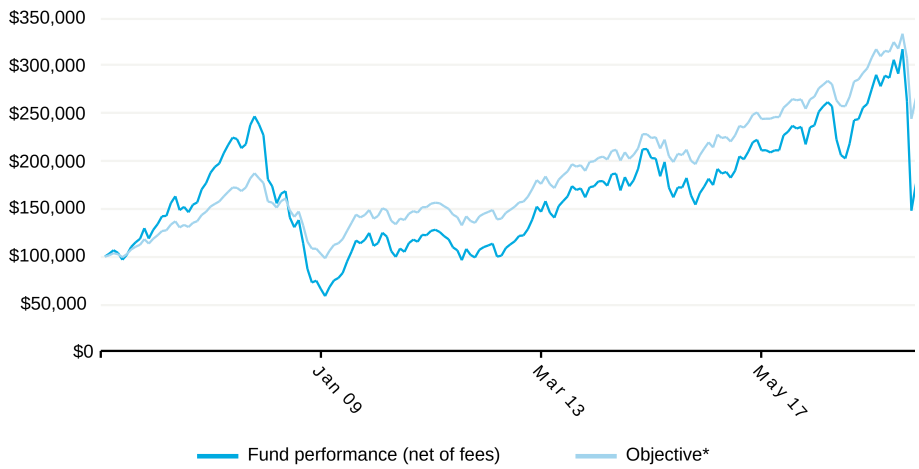
In structuring the Fund's portfolio we access a blend of specialist investment managers whose aim is to maximise returns and manage levels of risk. This four-stage process involves: setting objectives and asset allocation, targeted manager selection, portfolio construction and implementation, and ongoing portfolio and manager review.

Performance as at 30 September 2020

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	-7.93	-1.99	-30.53	-1.63	4.42	3.04	4.53
Objective*	-3.66	-0.44	-10.21	4.79	7.30	5.93	6.83
Excess return	-4.27	-1.55	-20.32	-6.42	-2.88	-2.89	-2.29

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.
* The benchmark for this Fund changed from the S&P/ASX 200 Accumulation Index to the S&P/ASX 300 Accumulation Index on 23 March 2007 and from the S&P/ASX 300 Accumulation Index to the S&P/ASX 200 Accumulation Index on 24 May 2011. Past performance of this Fund is reported using the S&P/ASX 200 Accumulation Index up to 22 March 2007 and the S&P/ASX 300 Accumulation Index between 23 March 2007 and 23 May 2011. Performance reported after 24 May 2011 uses the current benchmark, the S&P/ASX 200 Accumulation Index.

$100,000 invested since inception



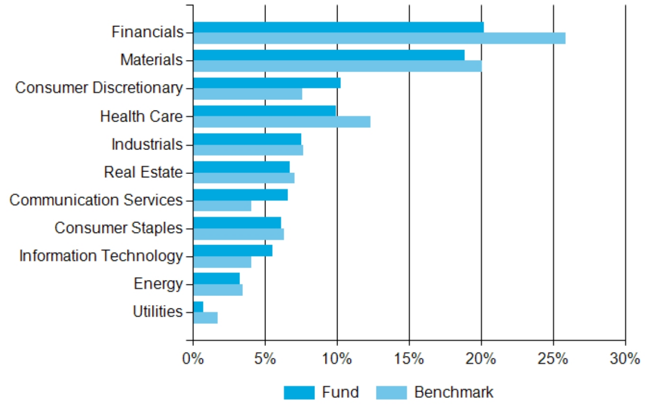
FUND FACTS	
APIR	AMP0969AU
Inception date	30 December 2004
Fund Size	$230,024,881
Management costs*	2.39% p.a.
Buy/Sell spread*	+0.35%/-0.35%
Distribution frequency	Annual
Minimum investment	$500,000
Minimum suggested time frame	7 years

*Fee information is accurate as at 30 June 2019, 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**

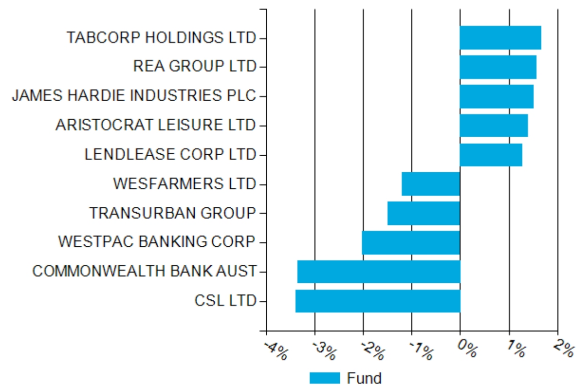
What happened last period

- Australian shares initially rose in July and August, before pulling back in September to end the quarter down.
- The Fund posted a negative absolute return and underperformed its benchmark over the September quarter (before fees).
- The Fund's gearing led to this underperformance.
- Sector allocation contributed positively to relative performance, while stock selection detracted.
- The largest positive contributors to relative returns were overweight positions in ALS and James Hardie, and an underweight position in Commonwealth Bank.

Sector allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund posted a negative absolute return and underperformed its benchmark over the September quarter (before fees). The Fund's gearing led to this underperformance. One of the Fund's three underlying managers, Vinva, posted a positive absolute return and outperformed the benchmark. The other two, AMP Capital and DNR Capital, posted negative absolute returns and slightly underperformed the benchmark.

Sector allocation contributed positively to relative performance, while stock selection detracted. Regarding sector allocation, the main contributors to relative returns were an underweight exposure to financials and overweight exposures to consumer discretionary and information technology. The main detractors were an underweight exposure to real estate and an overweight exposure to communication services.

Regarding stock selection, the main detractors from relative returns were positions in information technology and real estate stocks, while the main contributors were positions in materials and financials.

The largest individual detractors from relative returns were overweight positions in Treasury Wine Estates and Lendlease, and an underweight position in Afterpay. Global winemaker and distributor Treasury Wine Estates fell sharply (-14.0%) in response to news that China is preparing to levy hefty import duties on Australian wine exports. Construction giant Lendlease Group fell (-10.6%) after reporting disappointing full-year results due to COVID-19 lockdowns and posting the cost of its planned exit from engineering. Meanwhile, 'buy now, pay later' financial company Afterpay rallied (+31.2%) after providing a series of strong updates, including upgraded earnings and further global expansion.

The largest positive contributors to relative returns were overweight positions in ALS and James Hardie, and an underweight position in Commonwealth Bank. Laboratory services company ALS shot higher (+40.4%) after a leading broker upgraded the stock due to its new focus on COVID-19 safety. Building materials company James Hardie continued to climb (+20.4%) after reporting resilient Q1 2021 results, with stronger liquidity and financial flexibility. Meanwhile, Commonwealth Bank waned (-7.1%) as further lockdowns in Victoria are expected to delay economic recovery and possibly elevate bad debt levels.

Market review

Australian shares initially rose in July and August, before pulling back in September to end the quarter down by 0.44% as measured by the S&P/ASX 200 index, on a total return basis. Early to mid-quarter, Australian shares were driven by rising global markets, amid broader global optimism and the continued presence of massive levels of economic stimulus, with central banks (including the RBA) continuing to indicate they will do whatever is necessary to support economies. The August reporting season then saw the market rise further, with many companies beating unsurprisingly low consensus forecasts. Given the unique COVID-19 backdrop, as expected results were variable from business to business and across sectors. Information technology, healthcare, some of the miners, gold producers and even some consumer discretionary stocks reported relatively strong results, given the circumstances. Retailers focussed on e-commerce, rather than traditional bricks and mortar, also reported strong results. Meanwhile, airlines, other travel-related businesses and financials generally struggled. Late in the quarter, Australian shares fell alongside global markets, as concerns rose around continued and further lockdowns, such as those being experienced in Melbourne, which have now lasted longer than Wuhan's, where the virus originated.

Outlook

Australian shares will likely continue to be primarily driven by global markets. Like its international peers, Australia's economic growth has slumped, though evidence of a bounce-back has emerged in some sectors, supported by Chinese demand. Australia's greater degree of government stimulus (relative to other countries) should help support Australian shares, though there are some near-term risks, such as soured trade relations with China and a continued lack of medium-term earnings visibility for many companies. Given large price rises since the March lows, there may be an increased risk of corrections, though 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

Duy To

Duy joined AMP Capital in October 2007 as the portfolio manager of domestic and international equity funds. He is a member of global emerging market equities workgroup, where he contributes to manager research, manager selection and portfolio construction. Prior to joining AMP Capital, Duy worked for AMP Financial Services as an Actuarial Analyst for the Wealth Management business.

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-geared-australian-share-fund
You can also call us on **1800 658 404**

INSIGHTS
IDEAS
RESULTS

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