

Specialist Australian Share Fund - Wholesale

Investment objective

To provide a total return (income and capital growth), after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis.

How we manage your money

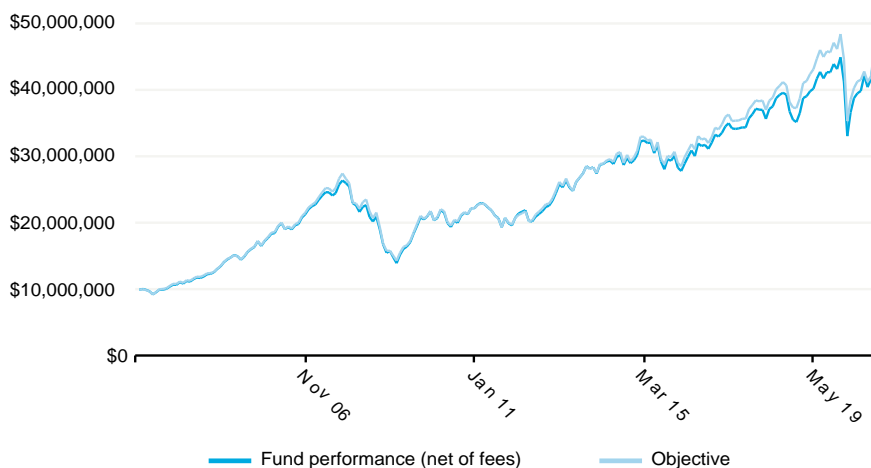
The Fund diversifies manager risk across a range of investment managers by using a multi-manager approach. Exposures are to managers who demonstrate competitive advantages within the various investment styles that are used when investing in the Australian equity market.

Performance as at 31 December 2020

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Gross of Fees	0.78	14.45	7.99	8.21	9.61	7.83	9.78
Total Return - Net of Fees	0.62	14.08	6.93	7.46	8.88	7.17	8.98
Objective	1.32	13.79	1.73	6.87	8.84	7.45	9.11
Excess return	-0.70	0.29	5.20	0.59	0.04	-0.28	-0.13

Past performance is not a reliable indicator of future performance. Performance shown is for O Class and the inception date is 09 Oct 2002. 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 O Class fees and costs and assume all distributions are reinvested.

\$10,000,000 invested since inception



FUND FACTS

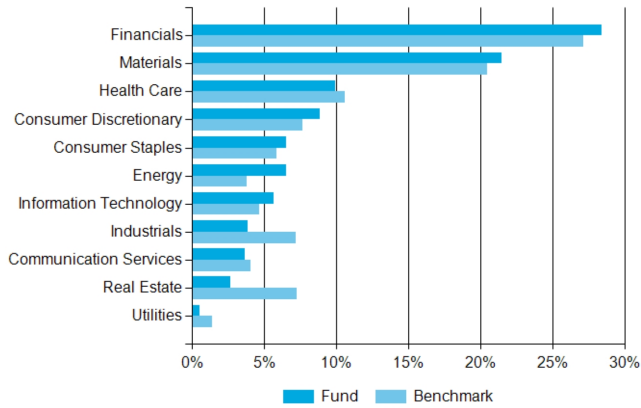
APIR	AMP0681AU
Inception date	09 October 2002
Fund Size	\$834,692,507
Buy/Sell spread*	+0.20%/-0.20%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	5 years

*Fee information is accurate as at 30 June 2020, 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 had an extremely strong December quarter, broadly reflecting the optimistic sentiment around the globe.
- The Fund posted a strong absolute return and outperformed its benchmark (before fees).
- All underlying managers posted positive absolute returns and Allan Gray strongly outperformed its benchmark.
- Sector allocation was the main driver of the outperformance, while stock selection slightly detracted from relative returns.
- The main contributors to relative returns were underweight exposures to industrials and utilities, and an overweight exposure to energy.

Sector allocation (%)



Fund Performance

The Fund posted a strong absolute return and outperformed its benchmark over the quarter. All of the Fund's four underlying managers posted positive absolute returns and Allan Gray strongly outperformed its benchmark. The Fund continues to outperform its benchmark over the longer term, including over 1, 2, 3 and 5 years and since inception (all returns before fees).

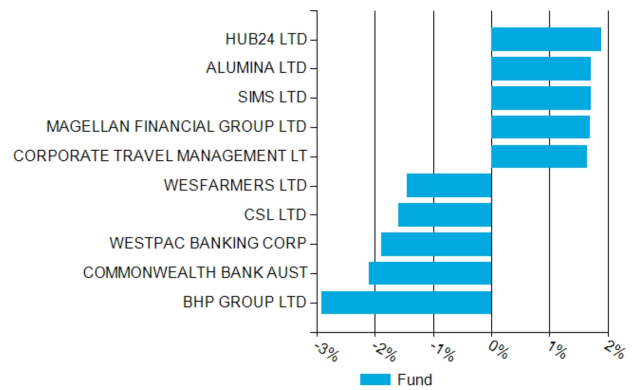
Sector allocation was the main driver of the Fund's outperformance, while stock selection slightly detracted from relative returns. Regarding sector allocation, the main contributors to relative returns were underweight exposures to industrials and utilities, and an overweight exposure to energy. Meanwhile, by far the main detractor from relative returns was a cash holding, as the share market rallied strongly.

Regarding stock selection, the main detractors from relative returns were positions in information technology and financials, while the main contributors were positions in materials, health care and communication services.

The largest individual detractors from relative returns were overweight positions in Newcrest Mining, Magellan Financial Group and a2 Milk. Gold mining company Newcrest Mining declined (-17.5%) as positive vaccine news boosted sentiment and weighed on the prices of safe-haven assets, such as gold. Financial services company Magellan Financial Group slumped (-5.3%) as its managed funds have underperformed recently and milk producer a2 Milk fell sharply (-18.5%) after it downgraded its earnings guidance.

The largest individual contributors to relative returns were overweight positions in Sims and NUIX and an underweight position in CSL. Metals recycling company Sims soared (+77.4%) as scrap metal prices are expected to increase over the next year as governments around the world undertake metal-intensive infrastructure spending to stimulate economic recovery. Investigative analytics and intelligence software provider NUIX also soared (+70.6%) following its initial public offering. Meanwhile, global biotechnology company CSL

Top/Bottom Excess Weights



waned (-1.3%) after announcing it would abandon the next phase of trials for its COVID-19 vaccine which was being developed by the University of Queensland.

Market review

Australian shares had an extremely strong December quarter, rising by 13.70%, as measured by the S&P/ASX 200 index on a total return basis. Moves in the Australian share market broadly reflected optimistic sentiment around the globe. In October, stocks rose amid improving domestic economic indicators, as well as further stimulus measures introduced in the Australian Federal Budget. Victoria also announced its intention to "reopen" its economy after one of the harshest lockdowns so far seen. An RBA rate cut, combined with a quantitative easing programme announcement in the first week of November further spurred stocks, although the real booster came shortly after multiple successful vaccine trials were announced overseas, causing markets to surge. Victoria also continued to emerge from its second wave of COVID-19 cases, with the virus apparently all but eliminated across the state by the end of November. Towards the quarter's end, news-flow continued to centre around the rollout of COVID-19 vaccines, though continued solid economic indicators in the US and a Brexit deal finally being reached in the UK added further support. The Australian economy meanwhile moved out of recession and this, combined with improving consumer confidence, continued ultra-low interest rates and continued RBA quantitative easing, all helped push markets higher, even despite a new COVID-19 outbreak emerging in Sydney around Christmas time.

Outlook

Australian shares will likely continue to be strongly influenced by global markets and events. Like its international peers, Australia's economic growth has slumped, though evidence of a bounce-back has emerged in some sectors as borders are opened, pandemic restrictions wound down, and GDP returns to some form of normalcy. Australia's

greater degree of government stimulus (relative to other countries) and low COVID-19 cases from an international perspective should help support domestic shares, though there are continuing issues, such as soured trade relations with China and a continued lack of medium-term earnings visibility for many companies. Given the large price rises through most of 2020, 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-australian-share-fund

You can also call us on **1800 658 404**

INSIGHTS
IDEAS
RESULTS

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