

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

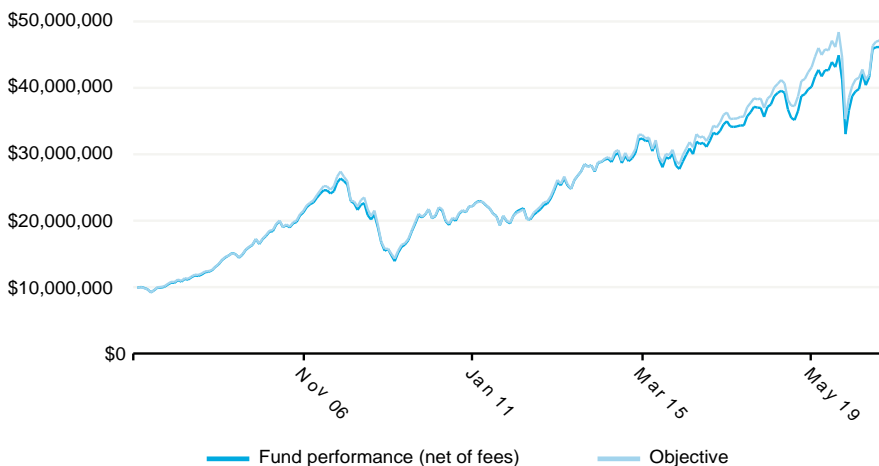
The Fund diversifies manager risk across a range of investment managers by using a multi-manager approach. Exposures are to managers who demonstrate competitive advantages within the various investment styles that are used when investing in the Australian equity market.

Performance as at 31 March 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Gross of Fees	1.86	3.58	45.59	10.97	11.25	8.06	9.85
Total Return - Net of Fees	1.79	3.36	44.11	10.17	10.49	7.40	9.04
Objective	2.30	4.15	38.34	9.73	10.32	7.77	9.22
Excess return	-0.51	-0.79	5.77	0.44	0.17	-0.37	-0.17

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

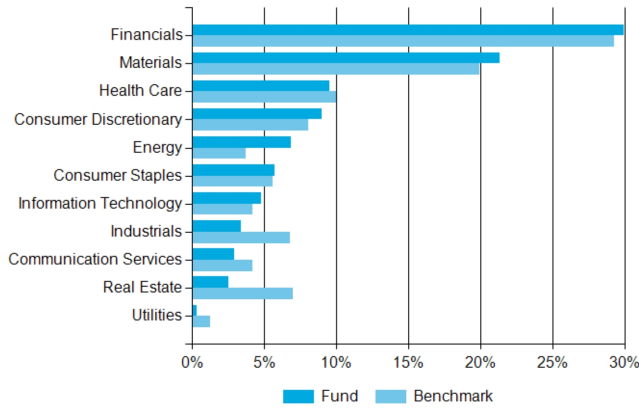
APIR	AMP0681AU
Inception date	09 October 2002
Fund Size	\$835,964,392
Buy/Sell spread*	+0.20%/-0.20%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	5 years

*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.amppcapital.com

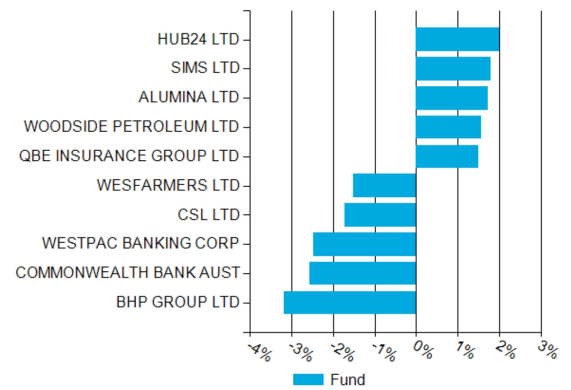
What happened last period

- Australian shares climbed higher over the March quarter, as global economies continued to recover from the COVID-19 pandemic.
- The Fund posted a positive return but modestly underperformed its benchmark over the period (before fees).
- Underlying managers Allan Gray, Alphinity and AMP Capital outperformed their benchmarks.
- Stock selection was the main reason for the Fund's underperformance, while sector allocation contributed positively to relative returns.
- Regarding stock selection, the main detractors from relative returns were positions in financials, information technology and communication services, while the main contributors were positions in materials, health care and consumer discretionary.

Sector allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund posted a positive return but modestly underperformed its benchmark over the March quarter. Three of the Fund's four underlying managers posted positive returns and Allan Gray, Alphinity and AMP Capital outperformed their benchmarks. 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).

Stock selection was the main reason for the Fund's underperformance, while sector allocation contributed positively to relative returns. Regarding sector allocation, the main contributors to relative returns were underweight exposures to real estate, industrials and utilities, while the main detractors were an overweight exposure to information technology and an underweight exposure to communication services.

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

The largest individual detractors from relative returns were an underweight position in Westpac Banking Corp, and overweight positions in Magellan Financial Group and Altium. The 'big-four bank' Westpac Banking Corp climbed (+26.0%) on expectations of higher dividends after its Q1 2021 results were much stronger than expected. Meanwhile, funds management company Magellan Financial Group declined (-14.2%) as its headline fund posted below-par returns over the second half of 2020 which will curb its performance fees revenue, and design software company Altium fell (-21.6%) after flagging a decline in revenue mainly due to the difficult pandemic conditions in the US and Europe.

The largest individual contributors to relative returns were overweight positions in Virgin Money UK, Incitec Pivot, and IDP Education. Financial services provider Virgin Money UK rallied strongly (+44.7%) mainly due to optimism around the availability and

rollout of COVID-19 vaccines, and despite releasing disappointing full-year 2020 results. Fertiliser supplier Incitec Pivot gained (+27.6%) as rising soft commodity prices are expected to support fertiliser demand, and International education services company IDP Education rallied (+20.7%) as it is expected to benefit from significant pent-up overseas student demand and its 1H 2021 results were much better than expected.

Market review

Australian shares climbed higher in the March quarter, rising by 4.26% as measured by the S&P/ASX 200 index on a total return basis, as global economies continued to recover from the COVID-19 pandemic. Similar to the tone in international markets, sentiment in the Australian market was generally optimistic, despite some underlying pockets of concern. This was aided by a strong half-yearly company reporting season, which produced mostly good results relative to the prior period. Many companies' earnings bounced back significantly towards (and in some cases beyond) their pre-COVID levels, leading some businesses to increase dividends and reintroduce forward guidance. The retail and mining sectors were standout sectors for strong results. Banks were also able to reduce some of their bad debt provisions. The global theme of rotation from growth and technology-orientated stocks towards value and cyclical stocks also prevailed in the domestic market. While Australia still appears well placed in a global sense to emerge strongly from the COVID-19 crisis, concerns around wages growth and inflation levels remain, which was reflected in comments from the RBA who reiterated they would continue their stimulatory policy strategy for as long as necessary, which helped support the market. Concerns around Australia's debt levels also remain a talking point.

Outlook

Australian shares will likely continue to be strongly influenced by global markets and events. The hope is that, now the COVID-19 vaccination programme has started to roll out, the economy will be able to

return to more normalised growth in a reasonable timeframe, boosting business and consumer confidence. Australia's greater degree of government stimulus (relative to other countries) and low COVID-19 cases from an international perspective should aid the recovery process. However, soured trade relations with China and a continued lack of medium-term earnings visibility for many companies remain a spectre. In addition, the upcoming wind-down in government support programmes will add to uncertainty. Given the large equity price rises post the large pandemic-induced correction early in 2020, there is an increased risk of a correction, 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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