

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

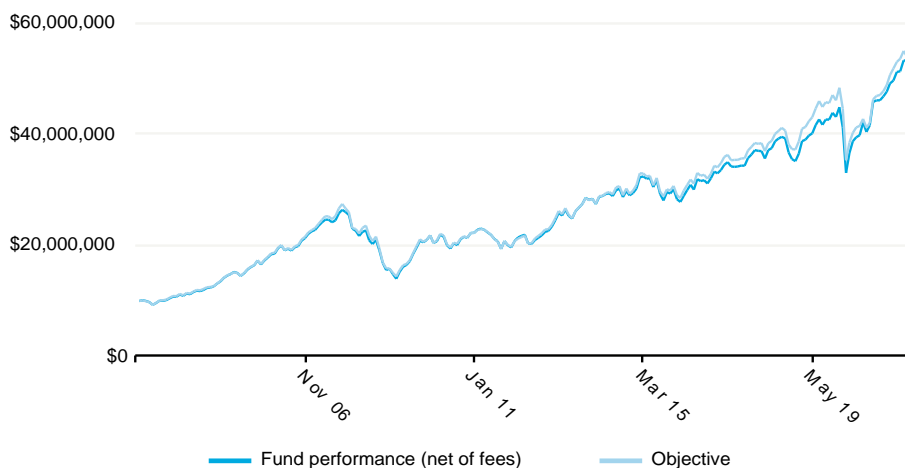
The Fund diversifies manager risk across a range of investment managers by using a multi-manager approach. Exposures are to managers who demonstrate competitive advantages within the various investment styles that are used when investing in the Australian equity market.

Performance as at 31 December 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Gross of Fees	1.79	0.82	17.03	15.91	10.72	9.59	10.14
Total Return - Net of Fees	1.72	0.61	16.13	15.03	9.97	8.92	9.34
Objective	2.65	2.21	17.54	13.96	9.94	9.15	9.53
Excess return	-0.93	-1.60	-1.41	1.07	0.03	-0.22	-0.19

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	\$771,814,133
Buy/Sell spread*	+0.20%/-0.20%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	5 years

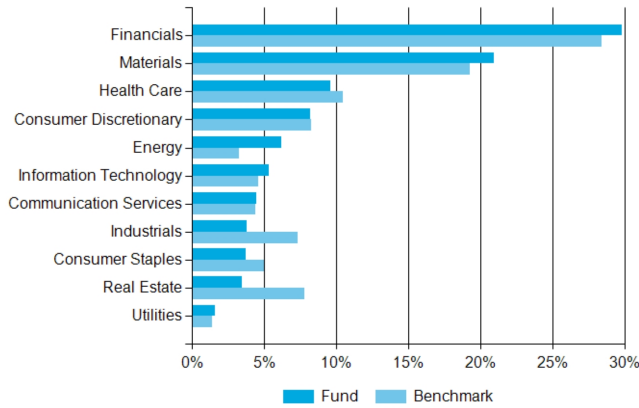
*Fee information is accurate as at 30 June 2021, and is updated bi-annually. The Fund PDS outlines the latest ongoing annual fees and cost as well as any member activity-related fees and costs (if applicable) that may apply to your investment. You can review the PDS at www.ampcapital.com

The new regulations effective from 30 September 2020 will change the way fees and costs are required to be disclosed to Investors. It is important to note these fees and costs have always existed and are factored into your net-of-fee returns. We are simply changing the way they are displayed. You are not being charged additional fees and costs.

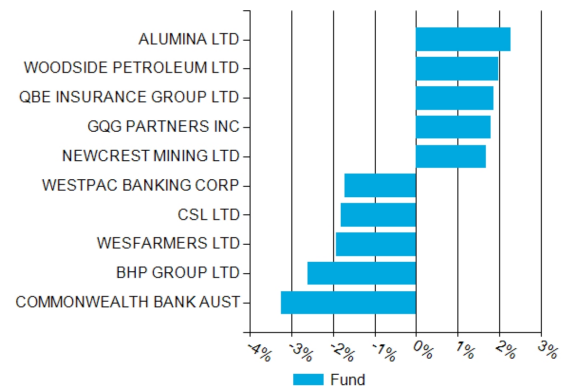
What happened last period

- Australian shares range-traded for much of the December quarter before rallying at year-end to finish the quarter positively
- The Fund posted a positive return, though underperformed the benchmark for the quarter (before fees)
- Underlying manager performance was mixed
- Stock selection and sector allocation both detracted from relative return for the quarter

Sector allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund posted a positive return, though underperformed the benchmark for the quarter (before fees). Our underlying managers posted mixed returns, with Alphinity the strongest performer. Overall, the Fund continues to outperform its benchmark over the longer term, including over 2, 3 and 5 years, and since inception (all returns before fees).

Stock selection and sector allocation both detracted from the quarter's relative return. Selection in the materials sector was a significant detractor from the relative return, though positive selection in information technology offset some of this. Regarding sector allocation, an overweight exposure to energy and an underweight exposure to real estate detracted, while an overweight exposure to materials added some value.

Significant individual contributors to the relative return came from underweight exposures to Westpac and Commonwealth Bank and an overweight holding in Sims. Westpac and Commonwealth Bank both fell over the period (-15.70% and -3.19% respectively) on news of falling net interest margins amid tough competition for mortgages combined with a deteriorating market outlook for housing prices. Inflation fears also likely added to volatility for financials. Metal recycling company, Sims, was up strongly over the quarter (+23.38%) as the company announced a buyback during the period, as well as some significant sales and acquisitions.

Significant individual detractors included overweight holdings in Magellan Financial Group, Domino's Pizza and Alumina. Magellan (-39.95%) fell amid fallout over the resignation of the CEO during the period. Domino's Pizza shares (-26.44%) fell on the back of broker downgrades after the company's annual general meeting. Resource company Alumina (-11.19%) meanwhile pulled back amid volatility in the alumina price.

Market review

Despite a strong international lead, Australian shares range-traded for much of the December quarter against a backdrop of mixed sentiment, before a small Santa Claus rally at year-end led the S&P/ASX 200 index to finish up by 2.09% on a total return basis. Economic data released throughout the quarter was generally consistent with a strong bounce-back following the removal of various Delta-wave lockdowns and restrictions prior to the period, though inflation continued to rise. The latest new COVID-19 variant, Omicron, meanwhile added uncertainty, though state governments have so far been somewhat more restrained with reintroducing restrictions amid high vaccination rates, as well as growing fatigue towards restrictions in general from the public. Given the global inflationary environment, speculation on future interest rate rises was a theme, which impacted sentiment towards some sectors. At a sector level, materials and utilities were the clear outperformers, likely owing respectively to rising commodity prices and a growing search for shelter from inflation. Energy and information technology (IT) meanwhile pulled back over the period, as some pessimism spilled over from global markets amid ongoing supply constraints as well as some specific overseas IT company issues.

Outlook

With national vaccination levels now high and international borders more open (albeit with some limitations and restrictions), businesses confidence has improved significantly relative to earlier in the pandemic. However, this continues to be complicated by different attitudes towards reopening between state governments, which will continue to undermine confidence until resolved. Similar to overseas, domestic inflation remains a concern, with the Reserve Bank of Australia (RBA) now subtly suggesting it may raise rates a little earlier than initially expected, though also reiterating it will not be rushed. Corporate earnings and growth, meanwhile, remain generally solid.

Stepping back to a longer-term timeframe, we believe the market will ultimately continue to rise, though with some bumps on the way, as is usually the case. 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**

The logo consists of the words "INSIGHTS", "IDEAS", and "RESULTS" stacked vertically in a blue, sans-serif font. To the left of the text is a stylized blue graphic element that resembles a curved arrow or a drop shape pointing downwards and to the right.

INSIGHTS
IDEAS
RESULTS

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