

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

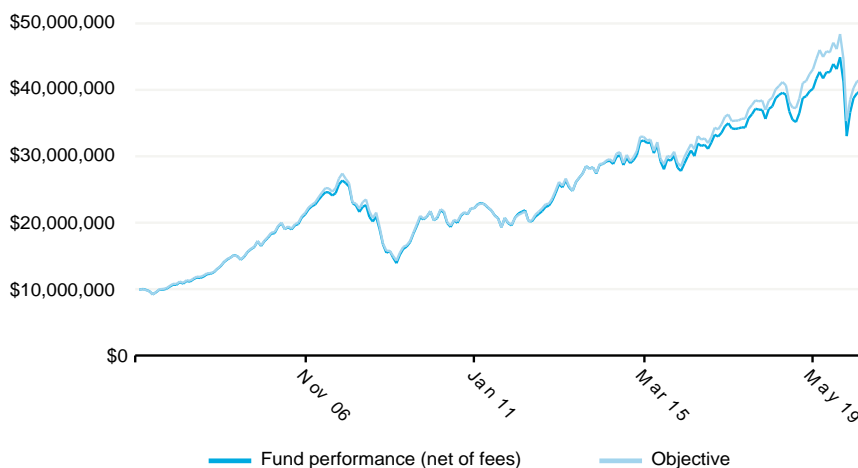
The Fund diversifies manager risk across a range of investment managers by using a multi-manager approach. Exposures are to managers who demonstrate competitive advantages within the various investment styles that are used when investing in the Australian equity market.

Performance as at 30 September 2020

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Gross of Fees	-3.98	2.64	-4.51	6.23	8.16	6.30	9.10
Total Return - Net of Fees	-4.05	2.36	-5.27	5.56	7.55	5.67	8.31
Objective	-3.59	-0.06	-9.96	4.94	7.41	5.98	8.46
Excess return	-0.45	2.42	4.69	0.62	0.15	-0.31	-0.15

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

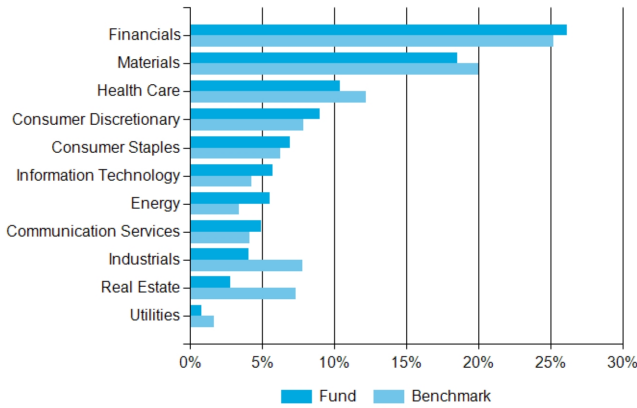
APIR	AMP0681AU
Inception date	09 October 2002
Fund Size	\$762,769,876
Buy/Sell spread*	+0.20%/-0.20%
Distribution frequency	Half Yearly
Minimum investment	\$500,000
Minimum suggested time frame	5 years

*Fee information is accurate as at 30 June 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

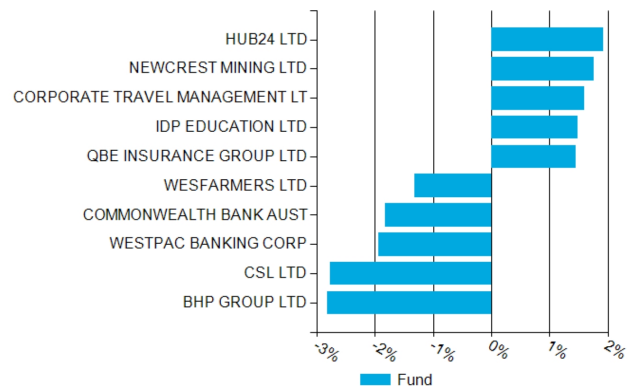
What happened last period

- Australian shares initially rose in July and August, before pulling back in September to end the quarter down.
- The Fund posted a strong positive absolute return and outperformed its benchmark over the quarter (before fees).
- ECP significantly outperformed its benchmark, and Alphinity also outperformed.
- Stock selection was the main driver of the outperformance and sector allocation had little overall impact.
- The largest individual contributors to relative returns were overweight positions in HUB24, Corporate Travel Management and ARB Corporation.

Sector allocation (%)



Top/Bottom Excess Weights



Fund Performance

The Fund posted a strong positive absolute return and outperformed its benchmark over the September quarter. Two of the Fund's four underlying managers posted positive absolute returns and outperformed their respective benchmarks. ECP significantly outperformed, and Alphinity also outperformed, while Allan Gray and AMP Capital underperformed their respective 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 driver of the outperformance and sector allocation had little overall impact. Regarding sector allocation, the main contributors to relative returns were overweight exposures to information technology and consumer discretionary, and an underweight exposure to utilities, while the main detractors were an overweight exposure to energy and an underweight exposure to real estate.

Regarding stock selection, the main contributors to relative returns were positions in consumer discretionary, financials and information technology stocks, while the main detractors were positions in materials stocks.

The largest individual contributors to relative returns were overweight positions in HUB24, Corporate Travel Management and ARB Corporation. Wealth platform provider HUB24 rocketed higher (+99.3%) after providing a business update revealing record net inflows over the 2019-20 financial year, and subsequently reporting very strong full-year results with a positive outlook. Corporate Travel Management soared (+80.6%) after its full-year results showed it paid down debt while increasing its overall cash balance, which positions it well for growth beyond the impacts of the pandemic and four-wheel drive accessories group ARB Corporation climbed (+54.0%) after reporting solid full-year results despite the impacts of the pandemic.

The largest individual detractors from relative returns were overweight positions in a2 Milk

Company, AMP and Woodside Petroleum. Infant formula producer a2 Milk Company fell sharply (-24.7%) after revealing a disruption in its 'daigou' market in Australia due to COVID-19 restrictions, which is likely to impact its sales and earnings. Financial services company AMP also fell sharply (-24.7%) after releasing its 1H 2020 profit guidance which was negatively impacted by market volatility and a credit loss provision in AMP Bank, and Woodside Petroleum declined (-17.3%) along with oil and gas prices because of uncertain demand due to the COVID-19 pandemic.

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-australian-share-fund

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

INSIGHTS
IDEAS
RESULTS

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