

# AMP CAPITAL AUSTRALIAN EMERGING COMPANIES FUND - ON-PLATFORM CLASS A

## Investment Objective

The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 5-year periods.

## Investor Benefits

### Boutique strategy

Specialist small-caps expertise with the backing of a large investment house and access to its research and investment platform.

### Sustainability

Integral to the investment process, we believe sustainability influences a company's long-term risk-adjusted performance.

### Medium term focus

We focus on a company's medium-term earnings delivery as it's a significant driver of share price performance.

## How We Manage Your Money

The investment approach is designed to outperform in most market environments and we believe undervalued companies can be discovered across the market cycle.

## Performance as at 31 December 2020

%	1 MTH	3 MTH	1 YR	3 YRS	5 YRS	SINCE INCEPT
Class A <sup>1</sup>	5.08	14.27	19.96	n/a	n/a	14.46
Class A – Composite Adjusted <sup>2</sup>	n/a	n/a	n/a	14.97	13.45	13.28
Benchmark return	2.76	13.83	9.21	6.57	10.46	6.92
Excess return	2.32	0.44	10.75	8.40	3.00	7.53

Past performance is not a reliable indicator of future performance.

<sup>1</sup> Class A has been operating since September 2018 and actual returns are shown.

<sup>2</sup> To give a longer-term view of performance of the Fund, the returns for Class C are shown, which has been operating since July 2014. Class C has identical investments to Class A. We have adjusted the returns of Class C to reflect the fees applicable to Class A (including a 0.85% Management Fee and 17.5% Performance Fee) in the period prior to September 2018. 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 and assume all distributions are reinvested. Further details on the Performance Fee calculation is in the Product Disclosure Statement offering Class A units available [www.ampcapital.com](http://www.ampcapital.com).

It is important to note that the Fund's A Class has a \$10 million assets under management threshold before a performance fee calculation will be applied. To provide investors with a more appropriate long-term understanding of the impact of the fee structure on their performance, the performance fee calculation has been applied from the C-Class's inception on 10 July 2014. Further details on the Performance Fee calculation is in the Product Disclosure Statement offering Class A units available at [www.ampcapital.com](http://www.ampcapital.com).

The Fund employs a disciplined fundamental research process to identify undervalued companies where we have conviction in medium-term earnings delivery and are supported by sustainable business models.

## FUND FACTS

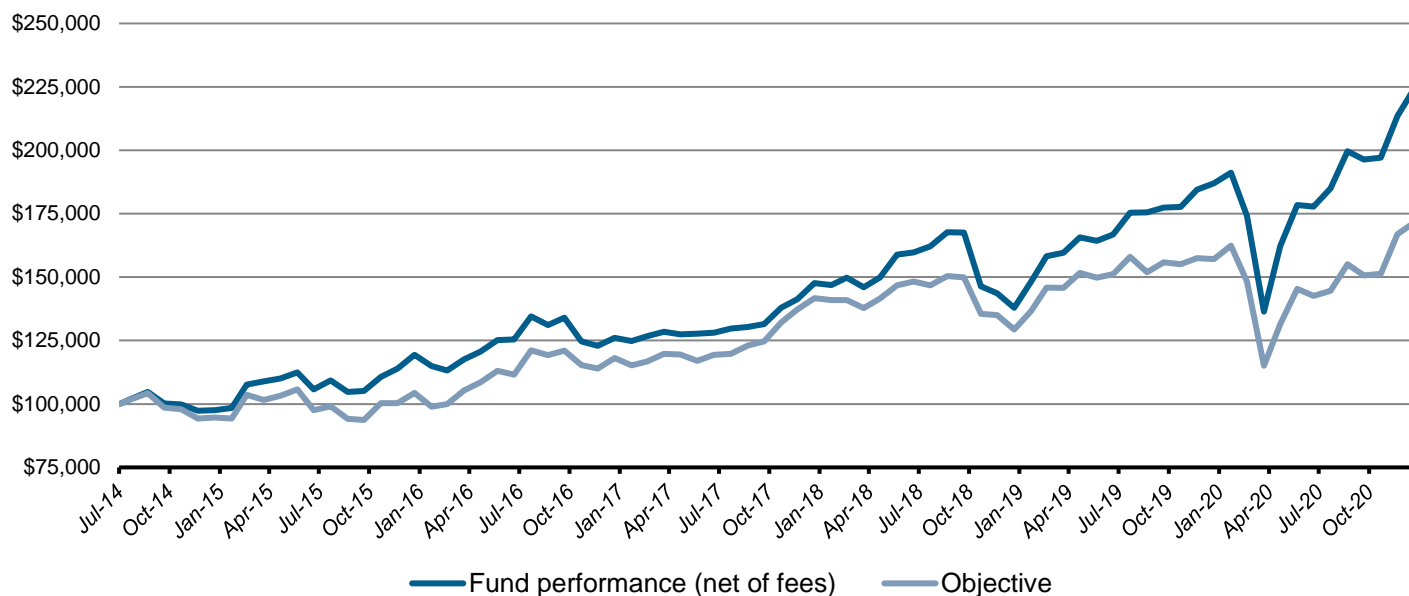
APIR	AMP6265AU
Inception date	19 September 2018
Fund Size	\$15.78 million
Management costs*	1.39% p.a.
Buy/sell spread*	+0.30/-0.30
Distribution frequency	Quarterly
Minimum investment	\$500,000
Minimum suggested timeframe	5 years

\*The Fund PDS outlines management costs components, as well as other fees and costs that may apply to your investment. You can review the PDS at [www.ampcapital.com](http://www.ampcapital.com).

## What Happened Last Period

- The S&P/ASX Small Ordinaries Index increased 2.8% in December, outperforming the S&P/ASX 200 Index by +1.6%, further extending the 2020 calendar year outperformance
- Small Resources (+8.7%) continued to outperform Small Industrials (+0.9%) supported by the sustained strength in commodity markets, notably iron ore (+22%), which has resulted in the Australian dollar continuing to rally relative to the US dollar
- The rotation from growth to value/cyclicals continued while travel/leisure names pulled back

## \$100,000 invested since inception



Past performance is not a reliable indicator of future performance. Please see notes under performance table in relation to the use of Class C returns.

### Fund Performance

The AMP Capital Australian Emerging Companies Fund returned 5.08% in December, outperforming the benchmark by 2.32%. The Fund's performance for the 2020 calendar year has been notably strong in a challenging market environment, returning 19.96% and outperforming the benchmark by +10.75%. Long-term performance remains strong, outperforming the benchmark over multiple time periods, including delivering an outperformance of 7.53% pa since inception.

### Portfolio Positioning

Over the month, the top stock contributors included Seven West Media, Asaleo Care and Mesoblast. Seven West Media continued to rally given strong free-to-air booking demand, cost controls and pending asset sales which is expected to improve the company's financial position. Asaleo Care received a takeover bid from its major shareholder, Essity, although expect an increased bid to eventuate for the transaction to be completed. Mesoblast (not held) announced a disappointing update from its Remestemcel-L trial in COVID-19 patients, being unable to meet the mortality reduction endpoint.

Key stock detractors included IGO, Austal and Catapult Group International. IGO's acquisition of the Greenbushes spodumene mine and interest in the Kwinana lithium hydroxide plant was viewed positively by the market – the Fund had a nil holding at the start of the month although initiated a position as part of the capital raising for the acquisition. Austal and Catapult lagged the market given the negative impact from the depreciating US dollar impacting their offshore earnings.

### Market Review

The headlines during the month remained mixed. Positive developments included COVID-19 vaccines being approved and inoculations being rolled out, Brexit being finalised, and additional US stimulus support approved. These were partially offset by continued increases in global COVID-19 cases (particularly in US and UK), further UK lockdowns and concerns regarding mutant strains potentially being more infectious. Australia hasn't been fully immune with minor outbreaks in Sydney's Northern Beaches in addition to additional NSW mobility restrictions.

The Australian small cap market outperformed the large cap market in December and extended its outperformance for the 2020 calendar year.

Thematically, the rotation from growth to cyclical/value rotation continued although saw a pull-back in travel/leisure names and a bounce in some of the "rotated out of" names, including Bapcor, Codan and Megaport (all held in the Fund).

### Outlook

The global outlook remains constructive with highly supportive monetary and fiscal policies around the world with a clear path to an economic recovery as vaccines are rolled out during the 2021 calendar year. We believe investment markets will continue to look-through elevated COVID-19 cases in the US and Europe (including the recent full lockdown in the UK) given the roll-out of the vaccine.

The Fund is now looking through the COVID impacts and has a diversified mix of value/growth and defensive/cyclical companies that are expected to deliver on earnings which is aligned to our 'earnings drive share prices' investment philosophy.

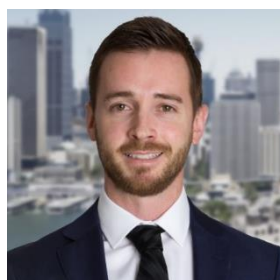
## PORTFOLIO MANAGERS



**Phillip Hudak**

Phillip Hudak is Co-Portfolio Manager for the AMP Capital Australian Emerging Companies Fund. Phillip joined AMP Capital in January 2012 and has over 19 years' investment experience. He was previously a small companies analyst at ING Investment Management and prior to this spent three years at MIR Investment Management and six years as an investment consultant with Russell Investment Group.

Phillip holds a Bachelor of Business from the University of Technology, Sydney and is a CFA® Charterholder.



**Matt Griffin**

Matt Griffin is Co-Portfolio Manager for the AMP Capital Australian Emerging Companies Fund. Matt has over 12 years' investment experience and was previously at IFM Investors where he was integral to the launch of the IFM Australian small caps strategy, and later becoming Co-Portfolio Manager of a successful microcap fund. Prior to this, Matt spent 3 years at Macquarie Funds Group as a small companies analyst. He holds a Bachelor of Commerce (Finance & Econometrics majors) from the University of Sydney.

## CONTACT DETAILS

For more information on the Fund including fees, product features, benefits and risks talk to your adviser or call us on 1800 658 404 or visit [ampcapital.com.au](http://ampcapital.com.au)

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IDEAS  
RESULTS

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