

# 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 30 April 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5 YRS	SINCE INCEPT
Class A <sup>1</sup>	5.99	12.04	52.96	n/a	n/a	16.96
Class A – Composite Adjusted <sup>2</sup>	n/a	n/a	n/a	18.30	15.51	14.28
Benchmark return	4.98	7.44	39.78	9.10	11.10	8.88
Excess return	1.01	4.60	13.19	9.20	4.41	8.08

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

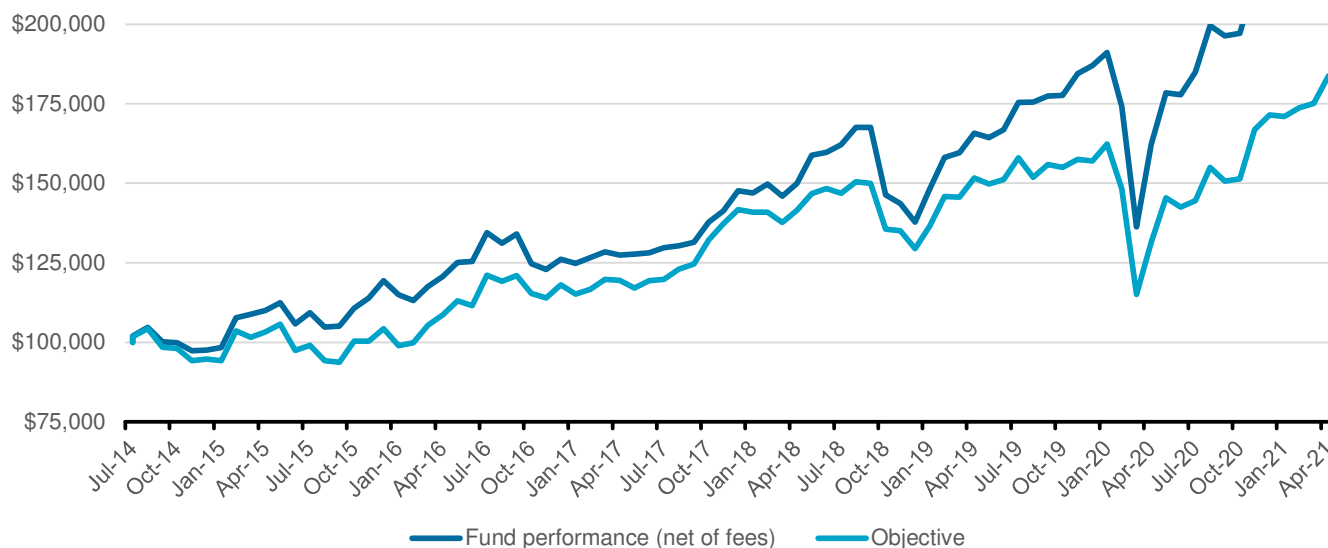
APIR	AMP6265AU
Inception date	19 September 2018
Fund Size	\$17.1 million
Management costs*	0.86% p.a.
Buy/sell spread*	+0.30/-0.30
Distribution frequency	Quarterly
Minimum investment	\$500,000
Minimum suggested timeframe	5 years

\*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 rose 5.0% in April, outperforming the S&P/ASX 200 Index by 1.5%
- April's strong performance was driven by a mix of factors, including the retracement in bond yields supporting gold, growth and quality in addition to commodity prices remaining strong
- The domestic recovery is in full swing following the end of JobKeeper with strong employment and job advertisement data in addition to rising house prices

## \$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 6.0% in April and outperforming the benchmark by 1.0%. The Fund's long-term performance remains strong, outperforming the benchmark over multiple time periods, including delivering an outperformance of 8.08% pa since inception.

### Portfolio Positioning

Over the month, the top stock contributors included Adairs, IGO and Imdex. Adairs outperformed given continued supportive consumer spending sentiment and margins expected to remain elevated due to low promotional activity. IGO rallied following the better-than-expected pricing for the sale of its interest in the Tropicana gold asset, high quality production update at its Nova nickel operation and the strong lithium pricing environment following the company's recent acquisition. Imdex continues to see strong exploration demand as spending shifts from gold to base metals in addition to elevated demand for its premium tools which generate high margins.

Key stock detractors were driven largely by stocks not held, including Galaxy Resources, Orocobre Mining and Chalice Mining. Both Galaxy Resources and Orocobre Mining were beneficiaries of the announced merger of equals, combining operating and development lithium projects across both brine and hard rock. Chalice Mining continues to announce impressive exploration drilling updates from its Julimar project with a maiden resource expected later this calendar year.

### Market Review

The recent interest rate volatility subsided in April with the market continuing to perform strongly given supportive central bank and government policies.

However, the market grappled with an economic recovery that is in full swing and successful vaccine roll-out in Europe and US being offset by the re-emerging COVID-19 cases, notably in India.

The retracement in interest rates saw investors return to growth/quality names with select technology/fintech companies delivering better than expected updates (e.g. Megaport and Sezzle). The strong market performance was also driven by other factors, including EV (strong lithium pricing dynamics and market consolidation), gold (retracement in bond yields) and the continuation of the reflation trade resulting in commodity price appreciation (notably copper and iron ore). Other factors driving the market included strong house prices (supporting finance lenders and consumer-related companies) and domestic travel given vaccine roll-out delays (automotive-exposed companies benefited).

### Outlook

The Fund has been well positioned so far this year as our 'earnings drive share prices' process has focused our attention on value stocks towards the end of 2020 as earnings bottomed and showed signs of growth (what we call the 'improving fundamentals' phase of the earnings cycle).

We continue to recycle our capital into high conviction ideas and see stock-specific opportunities emerging given the breadth of opportunities in the Australian small cap.

We have ensured the Fund remains balanced and not materially skewed to any single thematic, while maintaining a strong focus on our three core beliefs of earnings, sustainability, and risk.

## 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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