

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 June 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5 YRS	SINCE INCEPT
Class A ¹	2.53	7.12	41.05	n/a	n/a	16.31
Class A – Composite Adjusted ²	n/a	n/a	n/a	16.22	14.86	14.09
Benchmark return	3.08	8.50	33.23	8.60	11.24	9.61
Excess return	-0.55	-1.38	7.83	7.62	3.63	6.69

Past performance is not a reliable indicator of future performance.

¹ Class A has been operating since September 2018 and actual returns are shown.

² 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.

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.

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

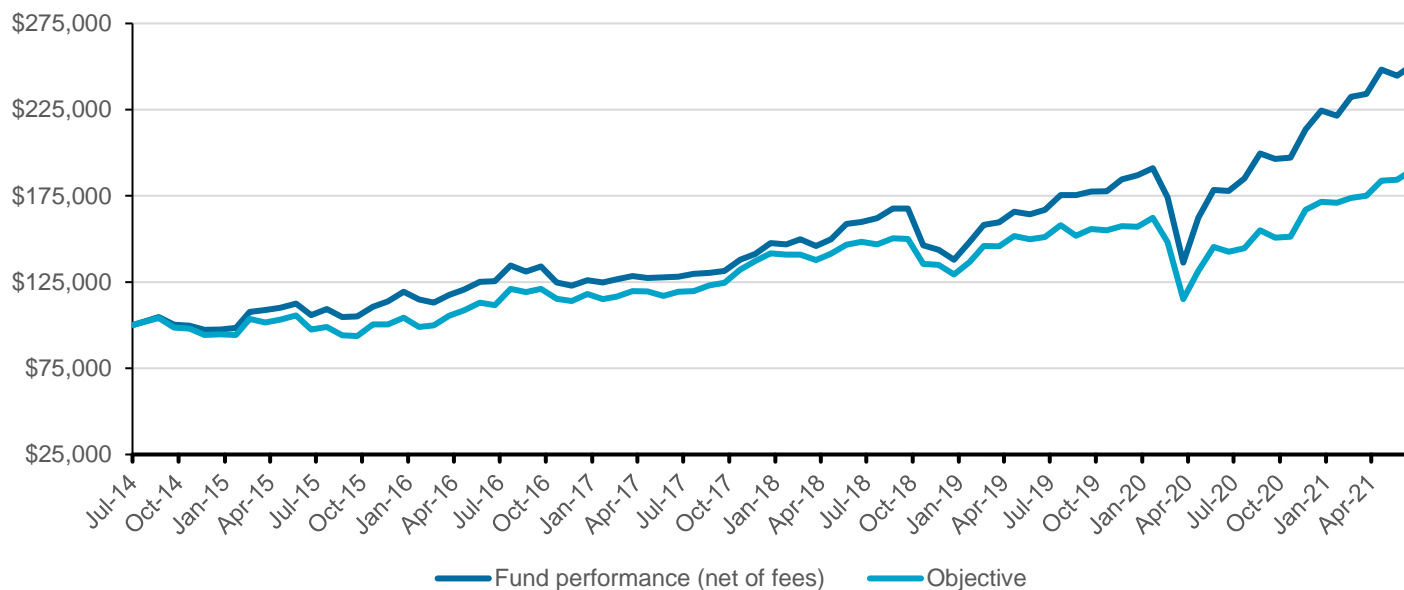
APIR	AMP6265AU
Inception date	19 September 2018
Fund Size	\$17.0 million
Management costs*	0.86% p.a.
Buy/sell spread*	+0.30/-0.30
Distribution frequency	Quarterly
Minimum investment	\$500,000
Minimum suggested timeframe	5 years

*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.

What Happened Last Period

- The S&P/ASX Small Ordinaries Index rose 3.1% in June and outperformed the S&P/ASX 200 Index by 0.8%
- Inflation expectations reduced and the slide in treasury yields resulted in the rotation into growth/technology and away from the reflation beneficiaries
- Commodity prices came under pressure given the rising US dollar, which was caused by a more hawkish update from the US Federal Reserve - small resource companies subsequently underperformed with gold names particularly hard hit

\$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 2.5% in June, underperforming the benchmark by 0.6%. The Fund's long-term performance remains strong, outperforming the benchmark over multiple time periods, including delivering an outperformance of 6.7% pa since inception.

Portfolio Positioning

Over the month, the top stock contributors included Sezzle, Trajan Group and Ingenia Communities Group. Sezzle added a significant customer early in the month, with Target (US) joining the platform after a long trial. Target could grow to be a significant revenue generator for Sezzle, and highlights the strength of their offering. Trajan's share price rose following its IPO listing early in the month. We believe the company has multiple growth drivers, including exposure to high growth healthcare market segments, operational efficiency upside, new product development and acquisition potential. Ingenia continued to outperform on the back of the strong residential market and domestic tourism exposure.

Key stock detractors included Adairs, Pilbara Minerals and Austal. Adairs underperformed following a weaker than expected trading update from Mocka which implies the growth rates in the online furniture category may be slowing from recent lofty levels. Pilbara Minerals (not held) continued to outperform given the strong EV thematic. Austal provided a disappointing trading update although was mostly attributable to provisioning for an ASIC civil case relating to poor company disclosures in the past. However, there was some operational weakness relating to US support revenue and delays with owners taking vessel delivery in the Philippines.

Market Review

The renewed market interest in growth stocks in the latter part of the previous month continued in June although at a lesser level domestically relative to the US market. The subsiding of inflation fears and slide in treasury yields following the US Federal Reserve meeting resulted in the rotation back into technology and more defensive positioning this month which dented the reflation trade. Lower bond yields saw a reflexive lift in long-duration equities, with growth outperforming value and stocks in the Information Technology and Biotechnology sectors being some of the best small cap performers. The precious metals sector weakened as the gold price declined. The recent emergence of the delta-variant across the globe has seen rising COVID-19 case numbers although hasn't translated to hospitalisations and deaths given increasing vaccination penetration. The delta-variant has also spread across many Australian states which has dented the performance of some of the re-open trades, including travel and outdoor media stocks.

Outlook

We continue to remain constructive towards equity markets given supportive central bank and government policies, although acknowledge the strong market performance since Mar'20 and the outlook is less certain going forward. Key headwinds emerging include elevated valuation multiples, lofty market growth expectations (notably for retailers which are cycling elevated comps and margins) and the ability of companies to pass through cost input increases. Earnings delivery will be crucial in the upcoming Aug'21 reporting season and the fund continues to be well positioned with superior earnings growth and sustainability metrics compared to the benchmark.

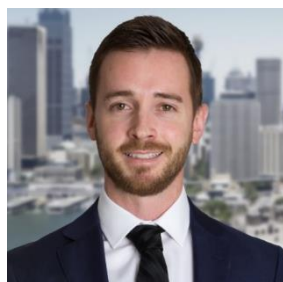
PORTFOLIO MANAGERS



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

INSIGHTS
IDEAS
RESULTS

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