

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 July 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5 YRS	SINCE INCEPT
Class A ¹	1.44	2.52	37.52	n/a	n/a	16.37
Class A – Composite Adjusted ²	n/a	n/a	n/a	16.21	13.59	14.14
Benchmark return	0.68	4.06	32.30	9.22	9.57	9.58
Excess return	0.76	-1.53	5.22	7.00	4.01	6.79

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

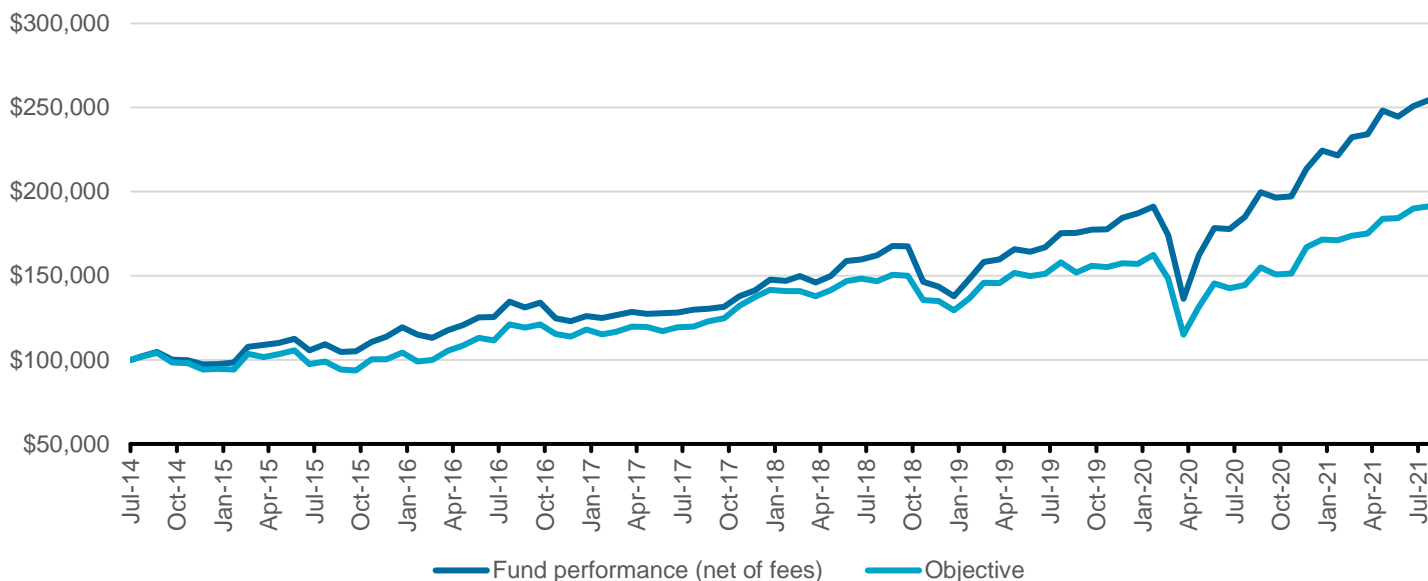
APIR	AMP6265AU
Inception date	19 September 2018
Fund Size	\$17.4 million
Management costs*	0.86% p.a.
Buy/sell spread*	+0.30/-0.30
Distribution frequency	Quarterly
Minimum investment	\$500,000
Minimum suggested timeframe	5 years

*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 0.7% in July despite renewed lockdowns across Australia – the 'stay at home' companies outperformed the 're-open' companies
- Despite bond yields continuing to decline, the renewed market interest in growth stocks in June reversed back again to value stocks in July
- The Small Cap Resources sector (+7.4%) was the stand-out performer with the electric vehicle (EV) thematic seeing a 'melt-up' in share prices, notably for lithium exposed companies, and coal stocks also performed very well on supply shortages

\$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 1.4% in July, outperforming the benchmark by +0.8%. The Fund's long-term performance remains strong, outperforming the benchmark over multiple time periods, including delivering an outperformance of +6.8% pa since inception.

Portfolio Positioning

Over the month, the top stock contributors included Syrah Resources, Perseus Mining and Trajan Group Holdings. Syrah continued to outperform given the strong EV thematic with the sector experiencing a 'melt-up' in share prices. Current EV sector valuations are lofty and assume unsustainably high medium-term pricing, notably for the lithium companies – we believe Syrah offers the most attractive relative valuation support via its graphite exposure which has experienced muted price appreciation to date. Perseus delivered a better than expected quarterly production update and forecasts a FY22 production target in excess of 500koz, showing up its Australian gold peers with relatively low costs, growth and reliability. Trajan's share price continued to rally following its IPO listing in early June. We continue to believe the company has multiple growth drivers, including exposure to high growth healthcare market segments, operational efficiency upside, new product development and acquisition potential although some of the medium-term upside is now priced in.

Key stock detractors included Sezzle, Catapult Group International and Piedmont Lithium. Sezzle underperformed as the Buy-Now-Pay-Later (BNPL) sector sold off on the back of news Apple is entering the space and a disappointing company update with slightly slower new customer growth. We continue to remain constructive of the BNPL space which has been validated post-month end following Square's proposed acquisition of Afterpay. Catapult lagged as the market continued to digest a capital raising to fund the SBG

Sports Software acquisition and additional re-investment. Piedmont underperformed given concerns regarding a variety of regulatory approvals for its US based lithium project.

Market Review

The Australian market is experiencing a positive earnings revision trend going into the Aug'21 reporting season. However, renewed lockdowns across multiple states due to the delta variant will mean fewer companies providing earnings guidance as support payments for individuals are now made directly to workers rather than through businesses. Earnings momentum is expected to remain strong in commodity-exposed sectors and we expect the market to look through the pause in many of the 're-opening' companies as vaccinations are rolled out. In addition, we see the case for further capital management given strong company earnings and balance sheets. M&A continues to ramp-up and expect this to be a recurring theme for the rest of the year.

Outlook

We continue to remain constructive towards equity markets, although acknowledge the outlook is less certain going forward. Key headwinds emerging include elevated valuation multiples, lofty market growth expectations 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.

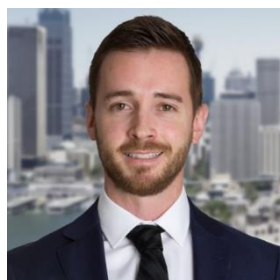
PORTFOLIO MANAGERS



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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