

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 August 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5 YRS	SINCE INCEPT
Class A ¹	1.93	6.01	29.96	n/a	n/a	16.61
Class A – Composite Adjusted ²	n/a	n/a	n/a	15.66	14.62	n/a
Benchmark return	4.98	8.95	29.51	10.09	10.99	11.10
Excess return	-3.05	-2.93	0.45	5.56	3.63	5.51

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

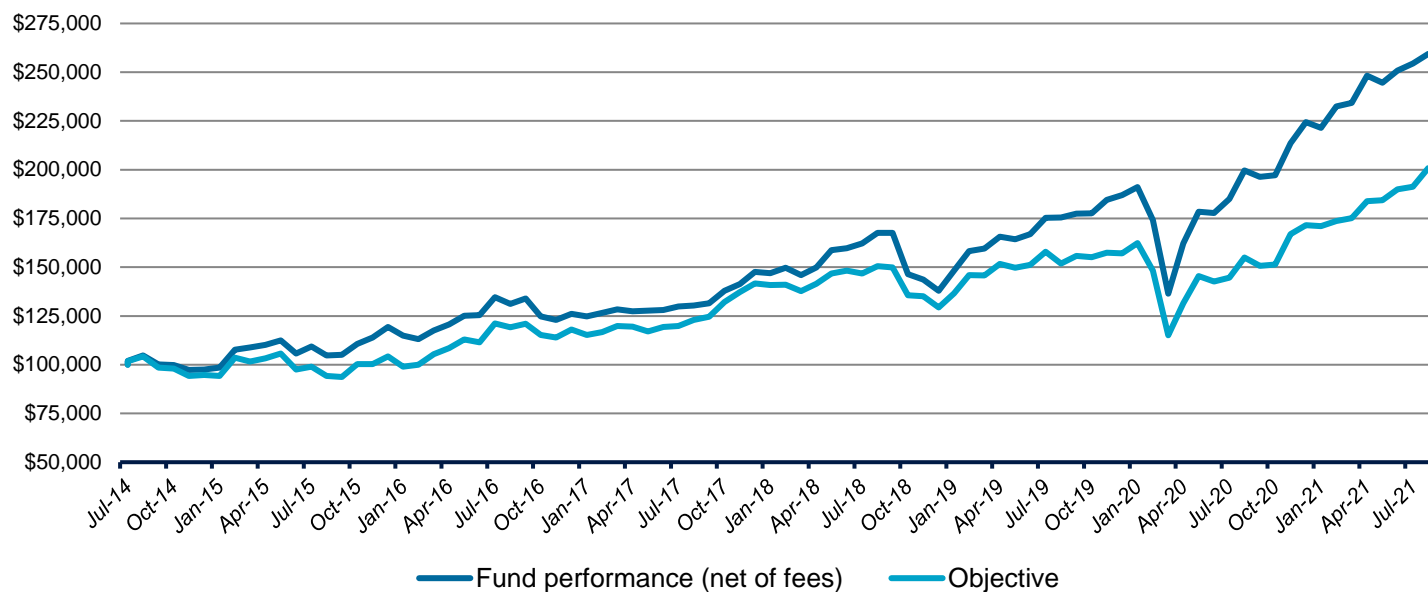
APIR	AMP6265AU
Inception date	19 September 2018
Fund Size	\$17.6 million
Management costs*	0.86% p.a.
Buy/sell spread*	+0.30/-0.30
Distribution frequency	Quarterly
Minimum investment	\$500,000
Minimum suggested timeframe	5 years

*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 5.0% in August as expensive growth stocks surged in the wake of a dovish rates outlook from the US Federal Reserve Chair
- Reporting season was driven by macro factors during the month; with domestic hard lockdowns in NSW and VIC, international re-opening in both Europe and the US and a delay in expected interest rate rises pushing the market higher
- After a very strong upgrade cycle into reporting season, small cap earnings changes were relatively flat on an overall basis during August

\$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 1.93% in August, underperforming the benchmark by 3.05%. The Fund's long-term performance remains strong, outperforming the benchmark over multiple time periods, including delivering an outperformance of 5.5% pa since inception.

Portfolio Positioning

Over the month, the top stock contributors included Webjet, PWR Holdings and Imdex. Webjet rose as international re-opening took hold, with the company reporting a strong recovery in bookings in their B2B business in the US and Europe. Webjet has been the most shorted stock on the ASX with ~10-15% of shares shorted over the past 6 months, although is starting to reduce as the investment thesis for owning the stock begins to play out. PWR Holdings reported solid results and is leveraged to growth in new areas such as aerospace and electric vehicles, in addition to a return of global motorsport events. Imdex saw significant operating leverage emerge as global exploration spending surged, with the company poised for further strong growth in FY22. Key stock detractors included Pilbara Minerals (not held), Keypath Education and Perseus Mining. Pilbara rallied strongly on a surging lithium price; however, we feel the share price has run beyond fundamental earnings and valuation support. Keypath reported a strong result, beating prospectus forecasts on almost every metric. The stock is highly illiquid, and the move lower was due to a spike in share price at the end of July. Perseus Mining retraced after a strong few months, as gold stocks underperformed in a market that was attracted to growth stocks.

Market Review

After seeing a significant number of upgrades heading into reporting season, the results in August were muted and earnings revisions were broadly flat overall for the small cap benchmark. Unlike most reporting seasons, stock performance wasn't driven by earnings but rather macro factors. Nine of the top ten stock outperformers in the broader index were growth stocks as value, cyclicals and resources stocks (ex-battery materials) underperformed.

The market rewarded long term growth stories despite significant short-term earnings downgrades and punished domestic cyclical stocks who presented weak outlooks due to local lockdowns – this was surprising given the pace of vaccinations in Australia and the high likelihood of a return to more 'normal' economic conditions in early 2022. We believe there is the potential for a reversal in some of this performance as we progress through the remaining months of this year and as the market begins to look towards the emergence of normalised earnings in the second half of FY22.

Outlook

August was not a month where earnings drove share prices – the earnings revisions for the stocks held in the fund exceeded that of the benchmark but wasn't rewarded performance-wise. We believe this to be temporary and earnings will once again become the most important factor as the market looks past the short-term and considers more medium-term drivers. There were minimal changes to the fund during the month, and it continues to be well positioned with superior earnings growth and sustainability metrics compared to the benchmark.

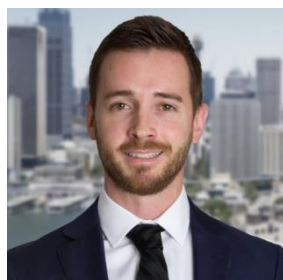
PORTFOLIO MANAGERS



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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