

# 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 September 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5 YRS	SINCE INCEPT
Class A <sup>1</sup>	-2.93	0.37	28.21	14.53	n/a	14.99
Class A – Composite Adjusted <sup>2</sup>	n/a	n/a	n/a	n/a	13.99	13.62
Benchmark return	-2.14	3.44	30.41	9.43	10.18	10.00
Excess return	-0.79	-3.07	-2.20	5.10	3.26	4.99

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

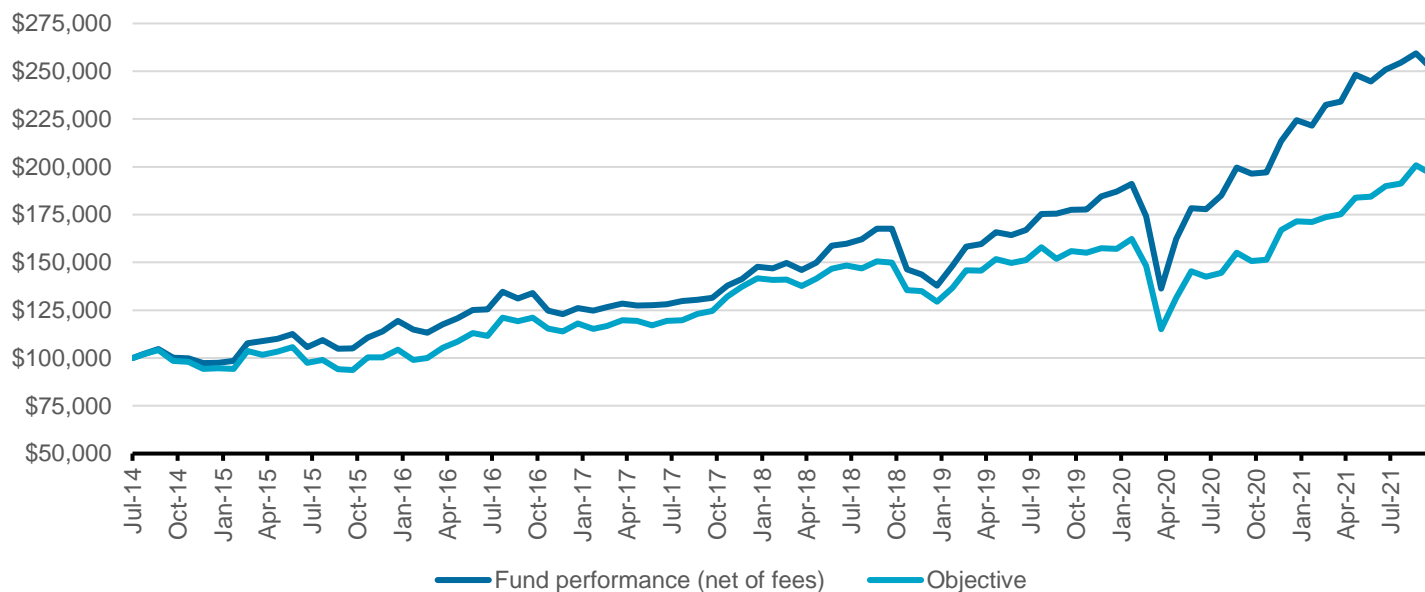
APIR	AMP6265AU
Inception date	19 September 2018
Fund Size	\$15.7 million
Management costs*	0.86% p.a.
Buy/sell spread*	+0.30/-0.30
Distribution frequency	Quarterly
Minimum investment	\$500,000
Minimum suggested timeframe	5 years

\*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 fell 2.1% in September as markets faced a number of macroeconomic headwinds, including a slowing Chinese property market, potential tapering of asset purchasing by the US Federal Reserve and surging global energy prices
- Global supply chains remain stretched and continue to present logistical bottlenecks for many companies, leading to short term inflation and margin pressure
- The reflation trade re-appeared late in the month with value stocks recovering

## \$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 -2.9% in September, underperforming the benchmark by 0.7%. The Fund's long-term performance remains strong, outperforming the benchmark over multiple time periods, including delivering an outperformance of 4.9% pa since inception.

## Portfolio Positioning

Over the month, the top stock contributors included Webjet, Metals X and IRESS. Webjet's recent rally was driven by positive news regarding international travel, with Trans-Atlantic flights expected to resume in November. The company is well positioned for a travel recovery as an online business with significant room to grow in a large global market. Metals X rose strongly as tin prices hit record levels during the month. The stock is one of the only ways to play the positive tin thematic globally, and with new management in place, we expect much better results from their Renison mine. IRESS (not held) declined as private equity player EQT walked away from their takeover bid. We see IRESS's long term targets as extremely ambitious and unlikely to be achieved. Negative contributors included Syrah, Macmahon Holdings and Flight Centre. Syrah experienced shipping delays which has shifted sales into the December quarter although does not change the positive fundamental investment thesis. Macmahon's share price declined on poor sentiment towards the mining services sector. Flight Centre (not held) rose strongly along with other travel names, although we hold concerns around long term structural issues associated with bricks & mortar travel agents.

## Market Review

The month started as August ended, with growth names outperforming although saw the re-emergence of the reflation trade later in the month. Concerns regarding the potential collapse of Evergrande (and flow-on implications for the Chinese property market), tapering in the US, and surging energy prices hampered global investment markets. Whether this persists or presents yet another 'buy the dip' opportunity for growth stocks remains to be seen.

Domestically, cost issues relating to supply chains and labour do not seem to be abating any time soon and present the potential for material earnings margin pressure for companies this half. Positively, the NSW economy is set to re-open in October after hitting vaccination targets, and this should allow a rapid bounce back in earnings for many stocks in the fund.

## Outlook

September was the second consecutive month where earnings did not drive share prices – yet again, 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.

We expect domestic re-opening to provide a catalyst for many stocks in the fund, including building materials, travel, and consumer related companies. The fund continues to be well positioned with superior earnings growth and sustainability metrics compared to the benchmark.

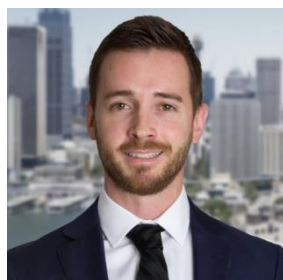
## PORTFOLIO MANAGERS



### 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](http://ampcapital.com.au)

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RESULTS

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