



AMP Capital Global Companies Fund (GCF)

Quarterly insights report
30 June 2021

Important note: On 9 March 2021, AMP Capital announced that we have reached an agreement with Fiera Capital Corporation for the sale of the AMP Capital Global Companies capability. This will see the transfer of the investment team – comprising of Simon Steele, David Naughtin, Andy Gardner and Neil Mitchell.

AMP Capital and Fiera Capital are working together to ensure a smooth transition of the Global Companies Fund. In the meantime, the investment team will continue to manage the Fund as they have always done, and we would like to reassure you that there is currently no impact to your investment.

For more information, please contact us.

Investment Objective

The AMP Capital Global Companies Fund (the Fund) seeks to deliver a compound rate of return greater than 10% per annum, after fees and costs, over the long term (typically five to seven years). We expect the Fund will exhibit lower risk of capital loss than broader global equity markets, over the long term. The Fund invests in what we consider to be 25 to 35 global exceptional companies with strong wealth creation credentials.

Performance

Since inception the Fund - Class C Composite Adjusted² has returned 26.1% p.a. net of fees in AUD. For the June Quarter (Q2 2021 or the Quarter), the Fund - Class A returned 14.9% net of fees in AUD.

Performance (to 30 June 2021)

	3 Mths (%)	1 Yr (%)	2 Yrs (p.a.) (%)	3 Yrs (p.a.) (%)	4 Yrs (p.a.) (%)	Since inception (p.a.) (%)
Class A¹	14.9%	31.8%	24.6%	-	-	20.8%
Class C - Composite Adjusted²	-	-	-	22.1%	25.2%	26.1%
MSCI World AC - AUD	9.0%	27.7%	15.3%	14.0%	14.2%	14.3%

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 of Class C are shown, which has been operating since March 2017. 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 0.95% Management Fee and 15% Performance Fee (see below)) 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 at 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 March 2017.

Team commentary

Equity markets have rallied impressively from the depths of the pandemic in response to a vast, synchronized global policy response and a large scale developed market vaccination program that in unison have unlocked a sizeable economic recovery. US GDP is now back above its pre COVID peaks and corporate earnings have recovered sharply, helped by the top line expansion that economic recovery affords and the cost savings that have arisen as a result of the pandemic - unlike GDP, US employment is still 7mn jobs short of its COVID peak. Some of these gains are cyclical and thus unlikely to persist longer term, and some progress may prove transitory as cost increase and investment begin to bite, nevertheless the extent of the cyclical recovery in profits has been meaningful and taken many investors by surprise.

In this environment, cyclical sectors that suffered the most during the downturn have headed the recovery phase of the cycle and outperformed, which hurt relative portfolio performance in the first quarter of 2021 after significant outperformance in 2020.

As we have said before, we do not expect to outperform strong cyclical market rallies where profits are rising quickly (and temporarily) from a low and depressed base. We absolutely expect to outperform through the full cycle (and during large earnings led drawdowns) due to the more stable and faster growing nature of the portfolio's intrinsic value vs the opportunity set from which we select. We measure intrinsic value by the both stability and expansion of our long-term economic profits and cashflows.

As can be seen from chart below (fundamental performance), the gap between our intrinsic value and that of the opportunity set continues to widen favourably, which underpins our continued confidence in meeting the strategy's dual objectives of superior capital growth and lower risk of capital loss through a full cycle.

Therefore, while it has been a very dramatic year already for markets, from a fundamental perspective it was business as usual for our companies, as the portfolio's fundamentals continued to expand at a healthy clip during both quarters, irrespective of the market volatility.

Many of our portfolio companies including Gartner, Hermes, Edwards Life Sciences, Veeva, Accenture, Nike and Wuxi Biologics, reported markedly better than expected earnings and raised guidance catching some investors by surprise. As the fundamental intrinsic value of these companies continues to rise (at a faster than expected rate) share prices are unsurprisingly catching up. As such, the relative performance of the fund recovered strongly in the second quarter, also owing in part to the slowing of the cyclical rotation now that valuations have recovered some lost ground and economic growth momentum is tapering.

Risk/Return Analysis

Since Inception	The Fund	The Market
Cumulative return of positive months	273.7%	156.4%
Cumulative return of negative months	-28.2%	-31.2%
Total return (net)	168.3%	76.4%
Ratio (total return / return of negative months)	6.0	2.5
Percentage of months with positive return	71%	65%
Percentage of months with negative return	29%	35%
Ratio	2.4	1.8
Average return during positive months	3.7%	2.9%
Average return during negative months	-2.2%	-2.0%
Ratio	1.7	1.4
Turnover (last 12 months)	27.7%	

"The Market" refers to the MSCI World AC Index - AUD. Since inception to 30 June 2021.

Portfolio Positioning / Changes

During the Quarter the team exited one position in full - (Abcam PLC). Further details have been provided below. In addition, several positions in the Fund were trimmed / added to maintain position sizes commensurate with our views on risk contribution and fundamental alpha. Portfolio turnover for the 12 months to 30 June 2021 totalled 27.7%, while since inception remains <20% p.a. consistent with our desired long-term holding periods.

PURCHASED

- No new positions were entered during the Quarter

SOLD

Abcam PLC (ABC: LON)

- Sold in April 2021, primarily to allow for the purchase of Veeva. While both companies operate within the healthcare industry, they occupy different parts of the value chain, with very different products and business models. While we continue to believe in ABC's position as a global leader in the production and distribution of research-grade antibodies and associated protein research products, which are essential tools for life scientists research activities, we believe the company was facing into a period of higher than normal capex in IT systems and acquisition integration which was creating an elevated degree of variability in its economic performance.

Objective Scorecard

	Portfolio	Investment Universe	Spread / Ratio
Growth	14.4%	7.8%	1.9X
Return on capital	14.6%	9.6%	52%
Profit per price	0.26	0.29	-0.03
Cash flow volatility	15.0%	31.0%	-52%
Operational quality	1.2	0.3	0.9
Financial health	1.8	0.6	1.2
Accounting quality	1.0	0.2	0.8

Source: AMP Capital & CS HOLT, as at 30 June 2021. Past performance is not a reliable indicator of future performance. Please refer to the Glossary at the end of the document for an explanation of Investment Universe

We believe the portfolio remains well balanced across a range of end markets, end users, geographic origin of profits and pathways for growth.

We believe the portfolio is well diversified in terms of NAV and risk weights, (both fundamental and market derived views of risk).

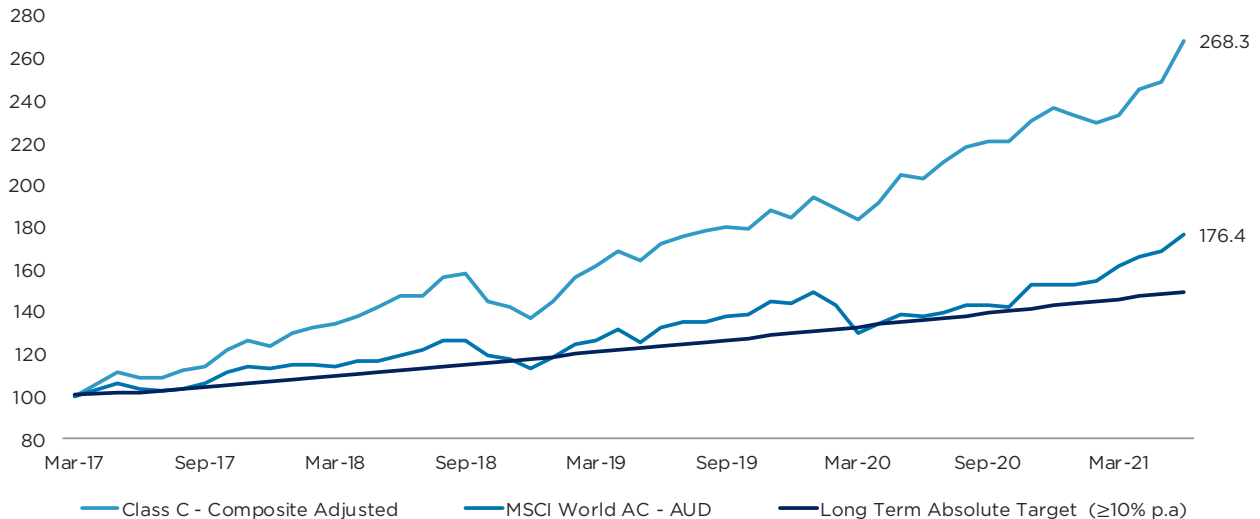
Appendix

The following appendix includes analysis of the Fund compared with the MSCI World AC index. As long-term, fundamental, unconstrained investors we do not manage the Fund to any benchmark, however, we recognise that some investors may find the additional disclosure useful.

NAV Performance

AMP Capital Global Companies Fund - AUD - Return

(to 30 June 2021)



Past performance is not a reliable indicator of future performance.

1. Class A has been operating since September 2018.

2. To give a longer-term view of performance of the Fund, the returns for Class C are shown, which has been operating since March 2017. 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 0.95% Management Fee and 15% Performance Fee (see below) 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 at 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 March 2017.

Source: AMP Capital

Return Attribution*

AMP Capital Global Companies Fund - AUD - Return

(Quarter ending 30 June 2021)

Stock	Portfolio weight %	MSCI world AC weight %	Portfolio return QTD (%)	Contribution QTD (%)
Contributors				
1 Gartner Inc	4.8	0.0	34.5	1.6
2 Hermes International	4.4	0.1	33.4	1.4
3 Wuxi Biologics Cayman Inc	3.1	0.1	48.5	1.4
4 Intuitive Surgical Inc	4.3	0.2	26.3	1.1
5 Edwards Lifesciences Corp	4.1	0.1	25.5	1.0
Detractors				
1 MarketAxess Holdings Inc	3.0	0.0	-5.4	-0.2
2 Aspen Technology Inc	3.2	-	-3.3	-0.1
3 -	-	-	-	-
4 -	-	-	-	-
5 -	-	-	-	-

* Top 5 contributors and detractors are shown, however, in some quarters there maybe less than 5 contributors and/or detractors for either sector, region and/or country and the applicable top number of contributors and/or detractors shall be shown.

Source: AMP Capital.

Sector	Portfolio weight %	MSCI world AC weight %	Portfolio return QTD (%)	Contribution QTD (%)
Contributors				
1 Health Care	25.3	11.4	24.9	6.1
2 Information Technology	38.7	21.3	12.0	4.7
3 Consumer Discretionary	14.0	12.6	16.7	2.3
4 Real Estate	3.5	2.6	20.2	0.7
5 Consumer Staples	6.6	6.9	7.2	0.6

Detractors				
1 -	-	-	-	-
2 -	-	-	-	-
3 -	-	-	-	-
4 -	-	-	-	-
5 -	-	-	-	-

Region	Portfolio weight %	MSCI world AC weight %	Portfolio return QTD (%)	Contribution QTD (%)
Contributors				
1 North America	68.6	61.0	16.1	10.9
2 Emerging Markets	9.8	12.9	19.7	2.0
3 Europe ex UK	14.7	13.0	12.5	1.9
4 Japan	6.0	6.2	7.2	0.4
5 UK	0.1	3.8	1.3	0.0

Detractors				
1 -	-	-	-	-
2 -	-	-	-	-
3 -	-	-	-	-

Country	Portfolio weight %	MSCI world AC weight %	Portfolio return QTD (%)	Contribution QTD (%)
Contributors				
1 United States	68.6	58.1	16.1	10.9
2 China	9.8	4.8	19.7	2.0
3 France	4.4	3.0	33.4	1.4
4 Japan	6.0	6.2	7.2	0.4
5 Sweden	3.8	1.0	6.7	0.3

Detractors				
1 -	-	-	-	-
2 -	-	-	-	-
3 -	-	-	-	-

Source: AMP Capital.

Size and Concentration

Market Cap (USD)	Portfolio %			MSCI World AC %		
	Current	Previous Quarter	1 Year Ago	Current	Previous Quarter	1 Year Ago
Large >10bn	97	95	92	94	93	90
Medium 1.5-10bn	3	5	8	6	7	10
Small <1.5bn	-	-	-	0	0	0
Total	100	100	100	100	100	100
Mean (US\$bn)	159	136	115	30	28	22
Median (US\$bn)	68	52	43	12	11	8

Stocks Concentration	Current	Previous Quarter	1 Year Ago
TOP 5 (%)	22	22	23
TOP 10 (%)	42	41	42
TOP 15 (%)	59	59	59
TOP 20 (%)	76	75	75
% of NAV in Holdings >5%	-	-	-
% of NAV in Holdings >4%	30	30	27
Total Number of Holdings	28	29	29

Source: AMP Capital, Bloomberg, as at 30 June 2021

Fund Facts

Product inception date	31-Aug-18
Head of team	Simon Steele
Team size	4 senior investment team partners currently based in London, Sydney and Hong Kong
Performance benchmark	Benchmark unaware
Portfolio number of stocks	25-35
Portfolio turnover	c.20% p.a
Fund structure	Unhedged AUD
Management fee*	0.95% p.a.
Estimated performance fee*	0.45% p.a.
Buy / sell spread*	0.30%/0.30%
Minimum suggested investment timeframe	7 years
Distribution frequency	Half Yearly
Risk level (1-7) ¹	6. High
Minimum investment	\$500,000

* The Fund PDS outlines management costs components, which includes a management fee, a performance fee and indirect costs, as well as other fees and costs that may apply to your investment. You can review the PDS at www.ampcapital.com.

1. Fund's risk band and risk label are based on an estimation that the number of negative annual returns over any 20 year period would be within the range of 4 to less than 6. Information about the methodology used for calculating the risk level can be obtained by contacting us. This summary is not a complete description of the risks of investing in the Fund. Consequently, before choosing to invest or reinvest in the Fund, you should read the Fund's PDS and incorporated information, and consider factors such as the likely investment return, the risks of investing and your investment timeframe. We may change the Fund's investment return objective or investment approach, from time to time, if we consider it to be in the best interests of investors. If we do so, we will advise investors. The term 'we' refers to the Responsible Entity.

Glossary

Accounting Quality	<p>For our objective scorecard, the accounting quality measure is calculated by Credit Suisse HOLT. This framework identifies accounting anomalies across 15 categories such as revenue recognition, stock options, special items and off-balance sheet debt, among other. This overall rank measures how much exposure a company has to accounting anomalies across these categories based on a weighted average. A "Poor" score would indicate the company is in the top quintile of risk and has exposure to several accounting anomalies. All scoring is based on HOLT's accounting quality (signal flag) framework. Scoring is relative to a regional universe by size (i.e. US large cap) and based on breaking the universe of companies into five quintiles.</p>
Active Share	<p>A measure of the percentage of stock holdings in a portfolio that differ from the investable universe.</p>
Capital Allocation	<p>Capital allocation describes how businesses divide their financial resources and other sources of capital to different processes, people and projects. Overall, it is management's goal to optimise capital allocation so that it generates as much wealth as possible for its shareholders.</p> <p>For our objective scorecard, the Capital Allocation measure is calculated by Credit Suisse HOLT using the Managing For Value metric. The aim is to identify whether the company's growth is good and sustainable. Companies that score highly are either growing real assets if the CFROI-Discount Rate spread is positive (or shrinking assets if the spread is negative). Companies with negative spread business that are growing assets are heavily penalised.</p>
Cash Flow Volatility	<p>For our objective scorecard, the cashflow volatility measure is calculated by Credit Suisse HOLT. It assesses the five-year historical volatility of a company's CFROI; the more persistent a firm's return, the higher the perceived (or actual) quality. This is calculated as the five-year coefficient of variation (absolute): Standard Deviation (5-years) / Average (5-years).</p>
Competitive Advantage	<p>Competitive Advantage is the advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition. There can be many types of competitive advantages including the firm's cost structure, barriers to entry/exit, pricing power, network effect, patents, trademarks, brand, amongst others.</p> <p>For our objective scorecard, the Competitive Advantage measure is calculated by Credit Suisse HOLT using the eCAP metric. eCAPs are companies that demonstrate unusual persistence in profitability over the most recent five years. eCAP stands for Empirical Competitive Advantage Period. To earn an eCAP award, a firm must generate CFROI equal to or above 8% for five years, have low CFROI volatility, and show low decay (or mean-reversion) in profitability. Due to their historical persistence in CFROI, eCAPs are given an extended forecast window that better reflects their competitive strength.</p>
Financial Health	<p>For our objective scorecard, the Operational Quality measure is calculated by Credit Suisse HOLT using the leverage at market and fixed charge ratios. Leverage at market is the market value of debt divided by the sum of the market values of debt and equity. A measure of a firm's financial health, the ratio takes into account all cash outflows for expenses and for shareholders indicating the safety of equity cash flows, such as dividends. The HOLT Fixed Charge ratio is calculated by taking gross cash flow divided by Fixed Charges: rent, R&D expenses, adjusted interest expense, common dividends, and capital expenditures.</p>
Investment Universe	<p>The investable universe as defined by all listed companies globally companies exceeding the minimum liquidity hurdle of \geq ADV US\$1million. As of 31st December 2020 it contained ~9100 companies.</p>
Long Term Absolute Target	<p>The investment team's objective is to deliver double digit returns over the long term. In order to achieve this, Fund Performance would need to compound at a minimum of 10% per annum over a minimum of five years.</p>
MSCI World AC	<p>The MSCI All Countries World Index represents performance of the largest companies across the world. As of December 2019, it covered more than 2,400 constituents across 11 sectors, 23 developed and 24 emerging markets. It is weighted by market capitalization and is float-adjusted.</p>
Operational Quality	<p>For our objective scorecard, the Operational Quality measure is calculated by Credit Suisse HOLT using the Transaction Cashflow Return on Investment metric (T-CFROI). HOLT calculates Transaction CFROIs by scaling operating assets according to the equation (operating assets/(operating assets + goodwill)). Transaction CFROIs primarily serve as a flag to indicate acquisition goodwill is significant and deserves specific attention of the analyst.</p>
Portfolio Fundamentals	<p>The Portfolio Fundamentals is the explicit total returns that we expect to receive from each stock over our specific time horizon, aggregated up to the Portfolio level. Our Fundamental Return valuation measure captures cashflow growth, redeployment of excess cash, and changing capital structure and dividends. In addition our valuation methodology applies a fair-value adjustment to ensure that we are not overpaying for assets or relying upon market pricing to deliver our required return. It is consistent with our belief that the compounding of cash flows explains the majority of total shareholder returns over a five-year time horizon.</p>

Profit Per Price	For our objective scorecard, the Profit Per Price (PPP) measure is calculated by Credit Suisse HOLT using the Economic PE ratio and CFROI. PPP is an approximation of the company's return potential (CFROI) per unit of price that you pay (Economic PE). HOLT's Economic PE is comparable to traditional price to earnings.
Return On Capital	For our objective scorecard, the Return on Capital measure is calculated by Credit Suisse HOLT using the cash flow return on Investment metric (CFROI). CFROI* is an approximation of the economic return, or an estimate of the average real internal rate of return, earned by a firm on the portfolio of projects that constitute its operating assets.
Risk-Adjusted Returns	Measures that take into consideration the amount of risk taken to generate returns. Higher risk-adjusted returns are favourable.
Runway for Growth	<p>Runway for Growth is the potential growth opportunity that the company is exposed to. We seek to understand long-term secular trends or structural shifts in growth, and secondly identify exceptional companies that are best placed to profitably exploit these trends and shifts. We seek out predictable sources of sales growth and actively limit exposure to cyclical sources of growth such as economic, financial, or commodity cycles.</p> <p>For our objective scorecard, the growth measure is calculated by Credit Suisse HOLT using the Sustainable Growth Rate metric. The potential growth rate in gross investment based on sustainable cash flows available to the firm. The sustainable growth rate uses consensus EPS estimates as the driver for estimating the gross cash flows assuming a fixed capital structure for the firm and approximates the internal growth rate achievable given the available cash flow.</p>
Sharpe (Realised)	A measure of risk-adjusted return calculated as the average excess return of the portfolio above the risk free-rate, divided by portfolio standard deviation.
Systematic Risk	An undiversifiable source of risk which represents uncertainty in the market.
Unsystematic Risk	An idiosyncratic source of risk which represents risks that are specific to a single stock and can be reduced through diversification.
Value at Risk	A measure of 'tail risk'; the minimum expected loss of a portfolio for a given probability and holding period.
Value at Risk Bands	These bands define the expected minimum & maximum range of daily returns for a given probability. A breach of these bands indicate a tail event.
Volatility	A point in time, ex-ante measure of risk expressed as standard deviation.

Source: AMP Capital, as at 30 June 2021

www.ampcapital.com

Important note: AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) (AMPCFM) is the responsible entity of the AMP Capital Global Companies Fund (Fund) and the issuer of the units in the Fund. To invest in the Fund, investors will need to obtain the current Offer Document from AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) (AMP Capital). The Offer Document contains important information about investing in the Fund and it is important that investors read it before making a decision about whether to acquire, or continue to hold or dispose of units in the Fund. Neither AMP Capital, AMPCFM nor any other company in the AMP Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. While every care has been taken in the preparation of this document, AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in it including, without limitation, any forecasts. This document has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs. This document is solely for the use of the party to whom it is provided and (with the exception of providing it to your professional advisers who are contractually and/or professionally bound to keep it confidential) it must not be reproduced in whole or in part or provided to any other person or entity without the express written consent of AMP Capital. This document is not intended for distribution or use in any jurisdiction where it would be contrary to applicable laws, regulations or directives and does not constitute a recommendation, offer, solicitation or invitation or recommendation to invest or subscribe for or purchase any security. This document is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under any other law. This document may contain projections, forecasts, targeted returns, illustrative returns, estimates, objectives, beliefs, back-testing, hypothetical returns, simulated results, non-actual and similar information (Non Actual Information). Non Actual Information is provided for illustrative purposes only and is not intended to serve, and must not be relied upon as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual circumstances are beyond the control of AMP Capital. Some important factors that could cause actual results to differ materially from those in any Non Actual Information include changes in domestic and foreign business, market, financial, interest rate, political and legal conditions. Various considerations and risk factors related to an investment in a Capability are described in relevant documentation. There can be no assurance that any particular Non Actual Information will be realised. The performance of any investment or product may be materially different to the Non Actual Information. Certain information in this document identified by reference has been obtained from sources that we consider to be reliable and is based on present circumstances, market conditions and beliefs. We have not independently verified this information and cannot assure you that it is accurate or complete. This document, unless otherwise specified, is current at the date of publication and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after that date.