

AMPCAPITAL 

AMP Capital Global Companies Fund (GCF)

Quarterly insights report
31 December 2020

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 25.8% p.a. net of fees in AUD. For the December Quarter (Q4 2020 or the Quarter), the Fund - Class A returned 7.2% net of fees in AUD.

Performance (to 31 December 2020)

	3 Mths (%)	1 Yr (%)	2 Yrs (p.a.) (%)	3 Yrs (p.a.) (%)	Since inception (p.a.) (%)
Class A¹	7.2%	28.4%	-	-	19.2%
Class C - Composite Adjusted²	-	-	31.3%	24.0%	25.8%
MSCI World AC - AUD	6.5%	5.9%	15.9%	10.6%	12.0%

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 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.

The path to recovery is clearer but still far from certain

Markets have responded to a rapid, coordinated and sizeable policy response to the pandemic and in that context a lower discount rate for equities makes sense where the cost of capital is low and structural growth more highly treasured. We still maintain that investors can't live off rerating's forever and prefer the comfort of companies that offer stable fundamentals, high incremental profitability and access to growth trends that are less cyclical by nature. These companies are well placed to compound their cashflows at attractive rates over the long term, in other words they are able to grow their intrinsic worth over time and be worth more in the future whatever the weather.

In contrast we seek to avoid companies that are overly exposed to economic conditions and the vagaries of the economic cycle. We believe that cyclical, mature, low-return businesses make for poor long-term investments as they generally struggle to increase their intrinsic value over time. By definition, investing in overly cyclical and low return businesses can only ever be considered a short-term investment in our opinion and only at the opportune stage of the cycle, which is difficult to time and more akin to speculation than true investing in our view. Furthermore, cyclicity introduces additional and often material volatility to cashflows, a trait that we also aim to avoid.

Risk/Return Analysis

Since Inception	The Fund	The Market
Cumulative return of positive months	220.2%	122.1%
Cumulative return of negative months	-26.1%	-31.2%
Total return (net)	136.6%	52.8%
Ratio (total return / return of negative months)	5.2	1.7
Percentage of months with positive return	71%	60%
Percentage of months with negative return	29%	40%
Ratio	2.5	1.5
Average return during positive months	3.7%	3.0%
Average return during negative months	-2.3%	-2.0%
Ratio	1.6	1.5
Turnover (last 12 months)	12.8%	

"The Market" refers to the MSCI World AC Index - AUD. Since inception to 31 December 2020.

Portfolio Positioning / Changes

During the Quarter the team exited the Fund's positions in Guidewire Software Inc and CHR Hansen Holding A/S. Further details have been provided below.

As a result of the sales the Fund's cash balance increased to ~8% as at 31 December 2020. Investment due diligence remains ongoing and we continue to identify interesting new ideas that meet our exacting requirements from a wide range of industries and end markets.

Portfolio turnover for the 12 months to 31 December 2020, totalled 12.8%, while since inception turnover remains consistent with our desired long-term holding periods.

SOLD

- **Guidewire Software Inc (GWRE: NYSE)** - The team decided to exit the portfolio's full position post the company's investor day and multiple expert calls. The team's view was that the transition to cloud would be complex and challenging, and whilst we believe GWRE will likely remain the long term winner, the pathway there will be significantly less predictable than other software companies where we have opportunities to deploy capital. We will maintain a close eye on GWRE to monitor this transition.

CHR Hansen Holding A/S (CHR: CPH) - Post a deep dive maintenance review including numerous calls with experts and management, the team concluded the company no longer looked quite as attractive on our Wealth Creation Framework. Specifically, the team were concerned with the growth pillar given the slowdown in growth, managements visibility into key end markets like China, and concerns this was leading to pressure on the capital allocation pillar. For example, CHR has also made a number of acquisitions lately that carry some incremental risk for the company given increased exposure to human health which have been less predictable than core cultures and enzymes products.

Outlook

At some stage policy consolidation will be required, which may act as a break on economic growth, but in the near term the very real prospect of mass vaccine rollouts across the world are likely to provide the extensive herd immunity that finally breaks the economic gridlock and allows a return to more normal life. There is still some way to go though, the production and distribution of mass vaccination programs are complex to deliver and will take time, meanwhile the virus continues to both evolve and rage in many parts of the world causing yet more loss of life and misery at the expense of yet more policy support. In this still uncertain environment we believe that our focus on value creating, growing companies that can succeed in good times and bad, will continue to deliver good results for our long term investors.

We believe that better fundamental outcomes have consistently supported our strong performance track record over the last 3.5 years and we note the continuing progress that was made in 2020 with the portfolio's earnings and dividends rising 23% in 2020 (USD) compared with the broader market which declined -16% (USD). We view this as a strong proof point of our focus on value creation and the wealth creation framework, our portfolio companies are irrefutably worth more today than they were a year ago both in absolute and relative terms and in the context of a very challenging environment. We remain confident that our companies will continue to increase their worth during 2021 and beyond.

Objective Scorecard

	Portfolio	Investment Universe	Spread / Ratio
Growth	12.8%	7.3%	1.8X
Return on capital	13.9%	10.0%	39%
Profit per price	0.41	0.52	-0.10
Cash flow volatility	14.6%	19.2%	-24%
Operational quality	1.1	0.3	0.8
Financial health	1.4	0.4	1.0
Accounting quality	0.9	0.2	0.7
Capital allocation	2.5	0.4	2.1
Industry position	1.9	0.9	1.0
Competitive advantage	1.6	0.7	0.9

Source: AMP Capital & CS HOLT, as at 9 December 2020.

Past performance is not a reliable indicator of future performance.

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).

Quarterly Company Insight

We are often asked to comment on our exposure to 'technology' and we thought it appropriate to share our thoughts with all our investors.

Technology is and always has been at the forefront of companies driving innovation, building new markets, taking economic share and displacing incumbent practices, but it is an inhomogeneous sector based on many different business models, multiple end markets, customer types and growth drivers. In our view it's the most diverse and dynamic sector and our own exposure covers a broad array of end markets such as marketing, semiconductor R&D, drug development, companion pet care, industrial R&D and product design, industrial applications such as connectivity and sensors, factory automation, smart cities, payments, retail, growth in data, healthcare to name but a few.

The customers that underwrite the rents to our technology-based companies are very diverse with little overlap and have a high dependency upon their services (many are considered mission critical services). What is common to all our positions that are connected to 'tech' is that they are all strong representatives of the wealth creation framework - highly profitable and embarking on their own independent and idiosyncratic journeys that will be the ultimate determinant of their future cashflows and investment success. We will never invest in companies, technology or otherwise, that don't meet the exacting requirements of our wealth creation framework.

As an example of the application of our wealth creation framework within the technology space our Quarterly Company Insight examines Synopsys Inc, which is a US listed company focused on the Electronic design automation (EDA) industry and semiconductor R&D.

Synopsys entered the Global Companies portfolio in Q4 2019.

Synopsys (NASDAQ: SNPS)

SYNOPSYS®

Synopsys' core business provides software tools which are mission critical in the design, development, and verification of increasingly complex semiconductor chips. Synopsys design tools make the chips more intelligent and efficient, enabling the ongoing shift towards smarter business and personal devices.

The EDA space is effectively a two-player market. We believe Synopsys maintains a significant competitive advantage in a very attractive end market, which gives the team confidence the Company will be able to deliver high returns over the long term.

Competitive advantage

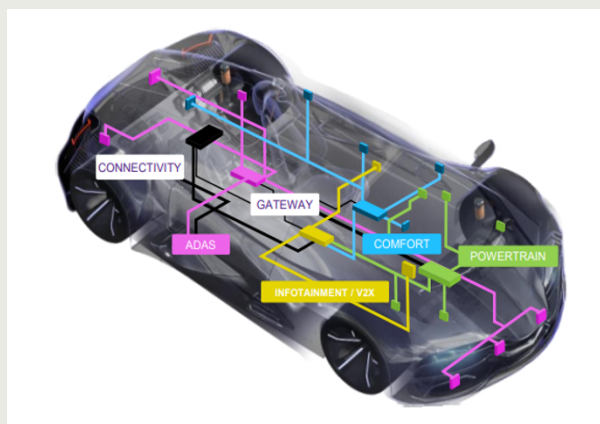
We believe:

- Synopsys maintains a multi decade head start in cumulative R&D spend which has resulted in significant barriers to entry for new players
- Synopsys' tools are very entrenched within their customers who rely on the Company's design expertise and library of intellectual property building blocks.
- EDA is enormously sticky given that few chipmakers are likely to risk their design flow by switching vendors

Runway for growth

We believe:

- There is a structural trend towards building smaller, faster, and more power-efficient chips
- Increases in design complexity and customization, requiring more higher value-added tools which is a sweet spot for Synopsys
- Multiple positive secular end market drivers support the long-term growth outlook including:
 - Artificial intelligence / machine learning
 - The Internet of Things
 - 5G
 - Autonomous vehicles



Source: Synopsys Corporate Overview for investors presentation December 2020

Capital allocation

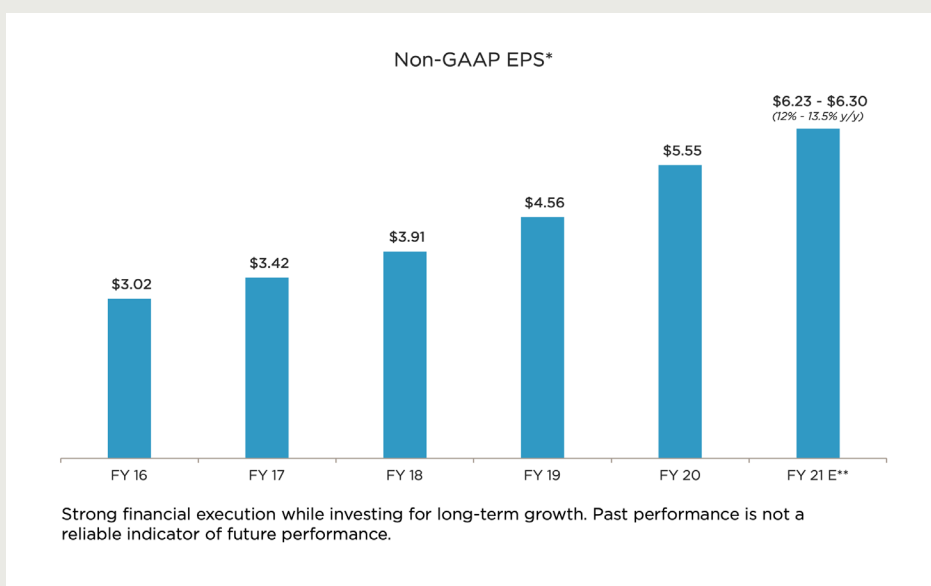
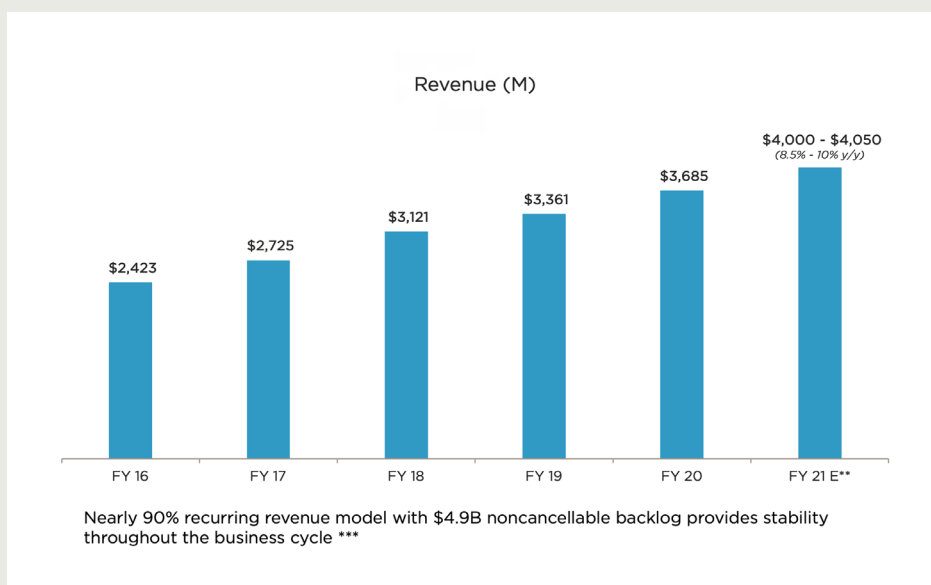
We believe:

- Synopsys is a highly profitable company generating high returns on capital and strong free cashflow, resulting in a solid balance sheet
- Historically Synopsys reinvests back into R&D to preserve its moat while returning some excess cash back to shareholders through buybacks
- Synopsys has a very experienced and long-standing management team

Predictability

- EDA software tends to be highly resilient to the economic cycle as revenues are more directly exposed to the R&D spending of their customers
- Approximately 90% of the Company's sales¹ are recurring as Synopsys predominantly sells on a time-based model, with licenses typically renewing every three years¹
- We believe the mostly rateable nature of the Company's sales model helps provide smoother cash flow compared with a perpetual license model.

Synopsys revenue and EPS growth¹



1. Source: Synopsys Corporate Overview for investors presentation December 2020

The information shown above is for example and illustrative purposes only and are not to be considered as a recommendation to buy or sell. Future investments may vary. Past performance is not a reliable indicator of future performance.

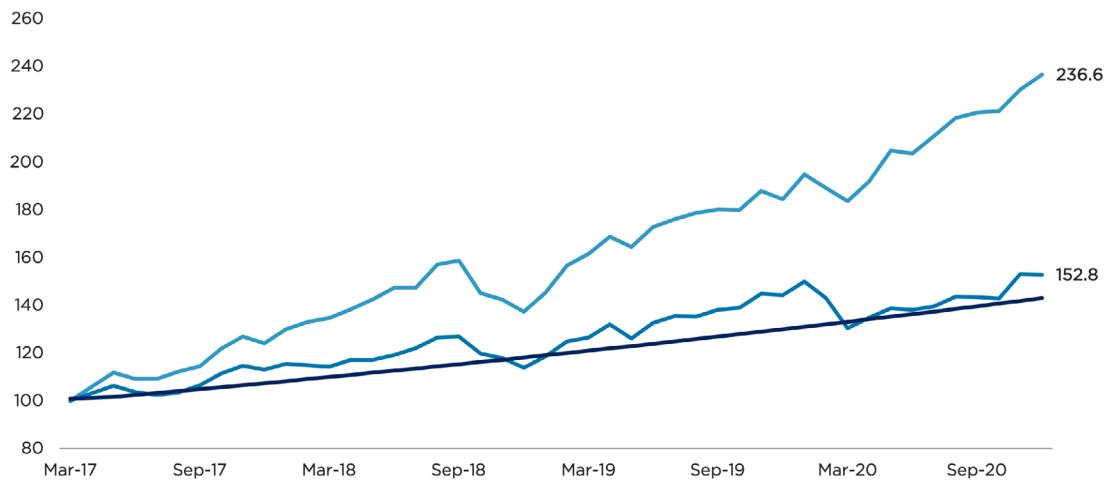
Appendix

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 31 December 2020)



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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 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.

Return Attribution*

AMP Capital Global Companies Fund - AUD - Return

(Quarter ending 31 December 2020)

Stock	Portfolio weight %	MSCI world AC weight %	Portfolio return QTD (%)	Contribution QTD (%)
Contributors				
1 Wuxi Biologics Cayman Inc	3.9	0.1	51.7	1.7
2 IDEXX Laboratories Inc	4.4	0.1	17.9	0.8
3 Gartner Inc	3.8	0.0	20.3	0.7
4 HIKVISION	3.3	0.0	23.1	0.7
5 Abcam PLC	3.2	-	25.0	0.7
Detractors				
1 S&P Global Inc	3.1	0.1	-15.2	-0.5
2 Equinix Inc	2.8	0.1	-12.5	-0.4
3 Zoetis Inc	3.8	0.1	-6.9	-0.3
4 Jack Henry & Associates Inc	3.2	0.0	-7.7	-0.3
5 Chr Hansen Holding A/S	0.5	0.0	-6.0	-0.2

* 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	23.3	12.1	15.5	3.4
2 Information Technology	35.0	22.2	7.2	2.6
3 Consumer Discretionary	14.3	13.3	8.5	1.2
4 Consumer Staples	6.8	7.7	17.8	1.2
5 Industrials	5.1	9.7	3.5	0.2

Detractors				
1 Financials	3.1	13.1	-15.2	-0.5
2 Real Estate	2.8	2.8	-12.5	-0.4
3 Materials	3.0	4.8	-4.4	-0.2
4 -	-	-	-	-
5 -	-	-	-	-

Region	Portfolio weight %	MSCI world AC weight %	Portfolio return QTD (%)	Contribution QTD (%)
Contributors				
1 Emerging Markets	14.0	13.0	27.9	3.6
2 North America	60.1	60.5	2.6	1.7
3 Europe ex UK	13.3	13.0	8.4	1.1
4 UK	3.2	3.6	25.0	0.7
5 Japan	2.9	6.8	12.4	0.4

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

Country	Portfolio weight %	MSCI world AC weight %	Portfolio return QTD (%)	Contribution QTD (%)
Contributors				
1 China	14.0	5.3	27.9	3.6
2 United States	60.1	57.8	2.6	1.7
3 United Kingdom	3.2	3.6	25.0	0.7
4 Italy	3.9	0.6	15.8	0.6
5 France	3.8	2.9	15.9	0.6

Detractors				
1 Denmark	0.5	0.7	-6.0	-0.2
2 Sweden	2.8	0.9	-1.5	-0.1
3 -	-	-	-	-
4 -	-	-	-	-

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	96	92	90	93	91	90
Medium 1.5-10bn	4	8	10	7	9	10
Small <1.5bn	-	-	-	0	0	0
Total	100	100	100	100	100	100
Mean (US\$bn)	154	131	95	27	23	22
Median (US\$bn)	64	52	46	11	9	9

Stocks Concentration	Current	Previous Quarter	1 Year Ago
TOP 5 (%)	22	22	21
TOP 10 (%)	41	41	40
TOP 15 (%)	58	58	57
TOP 20 (%)	74	74	74
% of NAV in Holdings >5%	-	-	-
% of NAV in Holdings >4%	26	26	21
Total Number of Holdings	27	29	28

Source: AMP Capital, Bloomberg, as at 31 December 2020

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.

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. 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 to invest.