

# Specialist International Share (Hedged) Fund - On-platform Class A

## Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis. The benchmark for the Fund is the MSCI World ex Australia ex Tobacco Index (net dividend reinvested), hedged to Australian dollars.

## How we manage your money

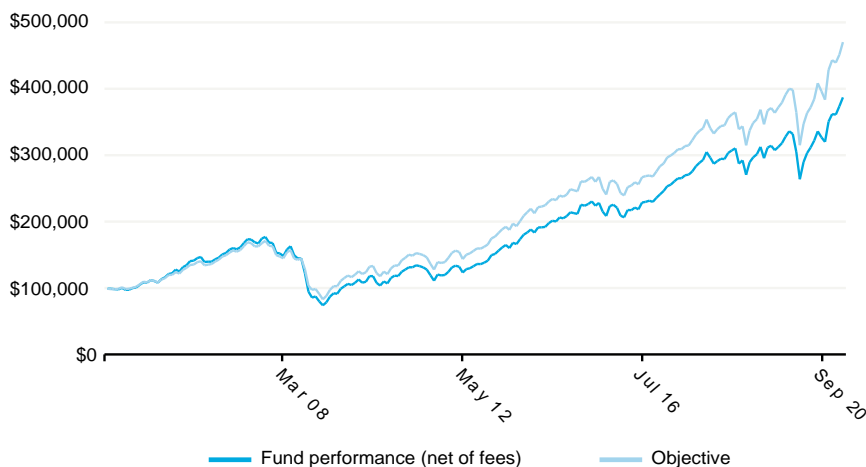
The Fund normally invests in international shares.

## Performance as at 31 March 2021

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	3.51	6.94	46.42	10.42	12.15	10.50	8.23
Objective	4.21	6.12	48.95	12.19	13.23	11.21	9.46
Excess return	-0.70	0.83	-2.53	-1.77	-1.08	-0.71	-1.23

Past performance is not a reliable indicator of future performance. 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, after fees and costs and assume all distributions are reinvested.

## \$100,000 invested since inception



## FUND FACTS

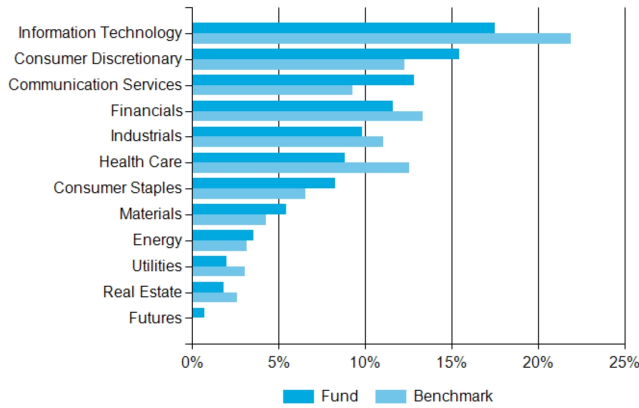
APIR	AMP0825AU
Inception date	18 February 2004
Fund Size	\$350,080,702
Management costs*	1.40% p.a.
Buy/Sell spread*	+0.20%/-0.15%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	5 years

\*Fee information is accurate as at 30 June 2020, figures are updated bi-annually. The Fund PDS outlines the latest management costs and other relevant 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)

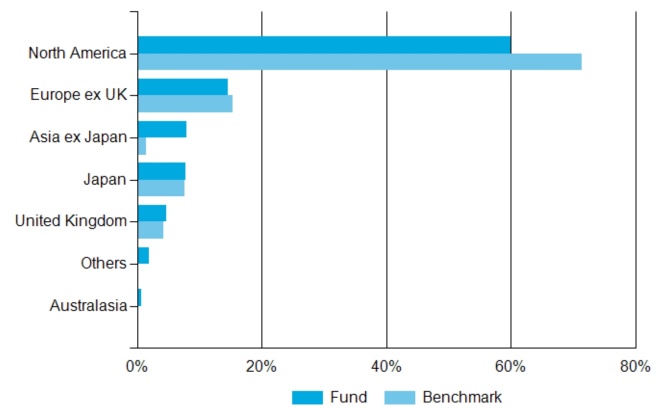
## What happened last period

- Global shares rose over the March quarter, with markets experiencing a significant style rotation from mega-cap growth and 'stay-at-home' stocks into long underappreciated, value-oriented stocks.
- The Fund posted a positive return and outperformed its benchmark (before fees) over the period.
- All of the Fund's five underlying managers posted positive returns, with three comfortably outperforming their respective benchmarks, led by Schroders and Arrowstreet.
- Stock selection was the main driver of relative returns, with positions in the US contributing the most.

## Sector allocation (%)



## Regional allocation (%)



## Fund Performance

The Fund posted a positive return to outperform its benchmark (before fees) in the March quarter. All of the Fund's five underlying managers posted positive returns, while three managers comfortably outperformed their respective benchmarks, led by Schroders and Arrowstreet. The Fund continues to outperform its benchmark over the long term, including over 5 years and since inception (annualised). (All returns are before fees.)

Country allocation contributed to relative performance during the period. Whilst the positioning in developed markets was broadly neutral overall, the emerging markets' exposure, specifically in South Africa and China, added most value.

From a sector perspective, allocation was broadly neutral overall for returns, with the underweight exposures to health care and information technology as well as the overweight to communication services offsetting the detractor from the underweight exposure to financials. Stock selection within information technology added considerable value during the period.

Stock selection was the primary driver of relative returns overall. The largest individual contributors were an underweight position in Apple and being overweight in Alphabet and Tencent Holdings.

US-based technology company Apple (-7%) retreated during the period along with many technology and growth stocks, as inflationary fears and rising bond yields triggered some market rotation.

Shares in Google's parent company Alphabet (+20%) rallied after reporting its surge in revenue for the December quarter that was driven by Search and YouTube advertising, which exceeded investor expectations.

Chinese online company Tencent (+9%) rose after a potential investment ban by the outgoing Trump administration failed to materialise.

The largest individual detractors were having nil holdings in JPMorgan Chase & Co and Exxon Mobil Corporation, as well as an overweight position in Vestas Wind Systems.

Financial services and investment banking company JPMorgan Chase & Co (+22%) rose on optimism for US economic recovery prospects, with fiscal stimulus being supportive of the bank's ability to utilise significant reserves which had been put aside during 2020 for potential bad loans.

US-based oil and gas company Exxon Mobil Corporation (+39%) rebounded as the company found support from higher oil prices during the period.

Shares in Danish wind turbine company Vestas Wind Systems (-12%) pulled back alongside many other defensive companies as investors rotated some of their exposures into more cyclical companies on the expectation of improving economic conditions.

The hedged exposure to the Australian dollar did not have a significant impact on returns, as the currency was relatively stable against the US dollar while being mixed compared to many other major currencies during the period.

## Market review

Global shares rose over the March quarter, with the MSCI World ex Australia index finishing up by 6.17%. The quarter saw one of the most significant style rotations seen in many years, as money flowed out of mega-cap growth and 'stay-at-home' stocks into long underappreciated, value-oriented stocks. This move was accompanied by a dramatic surge in bond yields, as global fixed interest markets continued to price in a sustained recovery in economic growth. Key drivers of the market's continued push higher included a resolution to the US election at the start of the year, which subsequently paved the way for further, massive levels of US fiscal stimulus, as well as the success of vaccine rollouts in the US and UK, which have unsurprisingly resulted in significantly improved virus numbers. Continued dovishness from central banks and global governments continuing to provide large amounts of further stimulus also stoked optimistic sentiment in equities markets. Volatility however increased in the latter part of the quarter, as fears remained around bond yields

continuing to rapidly climb. Worries also increased around vaccine efficacy against newer strains of COVID-19, as well as around some apparent roll-out difficulties in a number of countries, including Australia. (All indices are quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

With valuations remaining stretched in many areas, and upward pressure on bond yields and inflationary concerns as further stimulus packages are rolled out, the medium-term outlook for international equities remains difficult to predict. Elevated volatility is likely to remain. Following America's most recent US\$1.9 trillion plan, the market awaits more in-depth details of the Biden administration's infrastructure plan and how this will impact policies, tax codes, and corporate America in general. We continue to believe investors should exercise caution, particularly where prices have risen quickly, and where valuations factor in perfection. Amid changing consumer dynamics, many companies will likely face challenging conditions for some time, while stronger businesses are likely to emerge post the COVID-19 vaccine implementation with gained market share. Governments generally continue to implement supportive monetary and, to an increasing extent, fiscal programmes to ease shorter-term economic stress. The hope is that post vaccine rollout, economies will be resilient enough to return to growth relatively quickly. However, recently there have been signs of further waves of pandemic breakouts with different strains, which will add to uncertainty. Despite uncertainty in the shorter term, we believe the longer-term market trend will remain to the upside.

## Portfolio Manager



### Trent Loi

Trent Loi joined AMP Capital in May 2012 as the portfolio manager for the international share and Australian small companies' portfolios within the Specialist, AMP Capital Ethical Leaders, Experts' Choice and ipac ranges of funds. Prior to joining AMP Capital, he was an Associate Consultant at Mercer Investment Consulting. Prior to that, he was an Investment Analyst at Aon Investment Consulting.

## Further information

For information about the Fund including fees, features, benefits and risks talk to your financial advisor today or read the product disclosure statement (PDS) which can be found on:

[www.ampcapital.com/specialist-international-share-hedged-fund](http://www.ampcapital.com/specialist-international-share-hedged-fund)

You can also call us on **1800 658 404**

The logo consists of the words "INSIGHTS", "IDEAS", and "RESULTS" stacked vertically in a blue, sans-serif font. To the left of the text is a stylized blue graphic element resembling a curved arrow or a partial circle.

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