

# Specialist International Share (Hedged) Fund

## On-platform Class A

### Investment objective

The Fund aims to provide total returns (income and capital growth) after costs and before tax, above the Morgan Stanley Capital International (MSCI) World (ex Australia) (ex Tobacco) Accumulation Index with Net Dividends Reinvested, hedged in AUD on a rolling 3 year basis. The Fund may be suitable for investors seeking to invest in a diversified portfolio of international shares. This is achieved through direct investment into the Specialist International Share Fund, with the aim of principally hedging the investment back to Australian dollars.

### How we manage your money

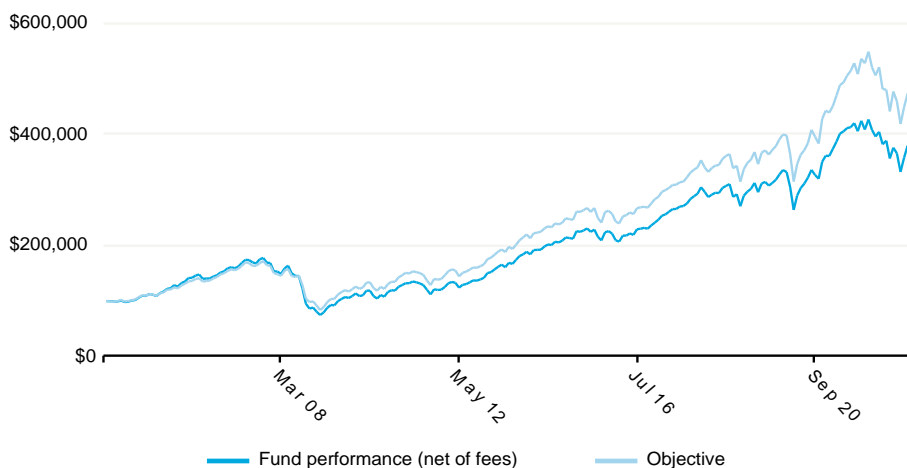
The Fund normally invests in international shares.

### Performance as at 30 June 2023

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	5.56	7.03	12.31	8.73	6.36	9.00	7.44
Objective	5.59	7.10	16.67	11.45	8.35	10.46	8.83
Excess return	-0.03	-0.07	-4.37	-2.72	-1.99	-1.46	-1.39

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

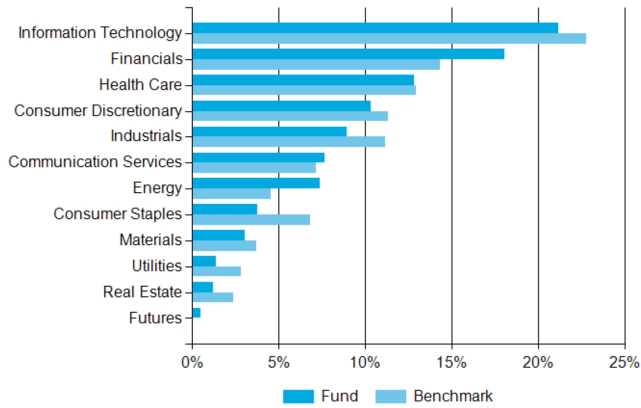
APIR	AMP0825AU
Inception date	18 February 2004
Fund Size	\$420,040,011
Total ongoing annual fees and cost*	1.20% p.a.
Buy/Sell spread*	+0.20%/-0.15%
Distribution frequency	Half-yearly
Minimum investment	\$10,000,000
Minimum suggested time frame	5 years

\*Fee information is correct as of 31 December 2022 and is updated biannually. Total ongoing annual fees and costs are made up of management fees and costs, performance fees (if applicable) and transaction costs. You should refer to the current PDS or other offer document for the relevant Fund available at [www.amp.com.au/investments](http://www.amp.com.au/investments) for the latest ongoing annual fees and costs as well as member activity-related fees and costs (if applicable).

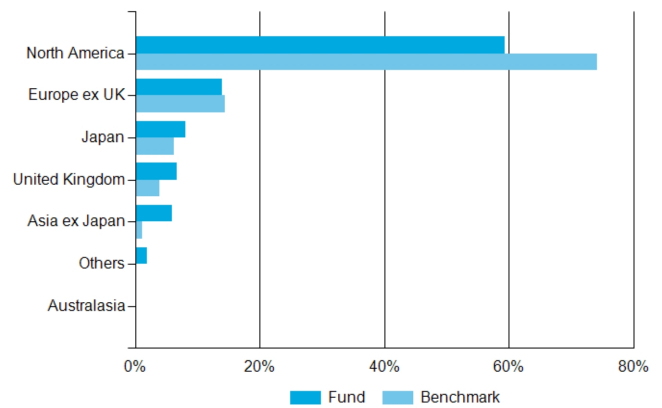
### What happened last period

- Global shares rose strongly in the June quarter, as inflation continued to fall.
- The Fund posted a strong positive return however marginally underperformed its benchmark.
- All of the Fund's five underlying managers gained ground, with three outperforming the benchmark.

## Sector allocation (%)



## Regional allocation (%)



## Fund Performance

The Fund posted another strong positive return during the June quarter however marginally underperformed its benchmark. The Fund's five underlying managers gained ground, with three also outperforming their benchmarks led by GQG and Orbis.

At a country level, active allocation held back performance on a relative basis. Holdings in China detracted most, while within developed markets, the underweight positions in the UK and US were the main detractors. On the positive side, the holdings in Brazil and Taiwan were the strongest contributors.

Sector allocation also detracted from relative Fund returns. An overweight to energy and underweight to IT detracted most, outweighing the contribution from the underweights to consumer staples and utilities. Stock selection however contributed to Fund performance, particularly positions in energy and industrials stocks, while positions in consumer discretionary and IT were the main detractors.

The largest individual stock contributors were overweight holdings in Petroleo Brasileiro, XPO and Meta Platforms. Brazilian oil and gas company Petroleo Brasileiro (+54%) rebounded as concerns eased about governance and pricing policies. US trucking transport company XPO (+85%) soared on rumours that a major competitor was at risk of bankruptcy and on news that the company had hired a highly regarded executive from a competitor as its new chief operating officer. Technology conglomerate Meta Platforms (+36%) rose strongly alongside peers Alphabet and Microsoft when they reported stronger revenue growth and on hopes lower inflation would underpin digital advertising recovery.

The largest individual stock detractors were underweight exposures to Apple and NVIDIA Corporation and having a nil position in Tesla. Shares in US-based technology company Apple

(+18%) rose after reporting its latest quarterly results which included record revenues for its iPhone sales. Specialist technology company NVIDIA (+53%) continued to soar alongside other AI stocks and after confirming better than expected earnings and forecasts from its chips which power artificial intelligence services. US-based electric vehicle and energy storage company Tesla (+26%) rose further after announcing it would commence online advertising to help support its dominant market share.

The hedged exposure to the Australian dollar had a negative impact on returns, primarily due to the currency's depreciation compared to the US dollar over the period.

## Market Review

The June quarter proved to be another strong one for international shares, with markets finishing the period up 7.3%, as measured by the MSCI World ex Australia index, in local currency terms. Technology and growth-focussed stocks dominated, with some of these stocks approaching somewhat extreme-looking earnings multiples. The main driver of the rally was the overarching theme of central banks looking to slow or pause their rate-hikes as inflation, while still high, continued to fall. A clear tightening bias however remained. Economic data continued to be indicative of likely recessionary conditions ahead, though showed some resilience relative to investor expectations, particularly in the US. Meanwhile, the March US earnings season was generally reasonable, with more companies surprising on the upside than the downside, despite continuing to flag difficult conditions ahead in outlook statements.

Emerging markets meanwhile again underperformed their developed peers, returning 1.7% for the period amid weakening Chinese trade and manufacturing data. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

After around a year of raising interest rates, some central banks have slowed or paused their hikes, despite maintaining a tightening bias, on the back of significantly decreased (though still high) levels of inflation. Economic growth has also slowed, with some economies already falling into recession. For long-term investors however, recession generally shouldn't be a concern, as this is part of the normal economic cycle. While the corporate environment may toughen further, stronger businesses will likely emerge with increased market dominance. Furthermore, share prices tend to lead the economic cycle, rather than be synchronised to it. We believe a diverse basket of businesses bought at reasonable prices, particularly those with strong competitive advantage that generate high amounts of cash from their shareholders' capital, will serve investors well over the long-term.

## Portfolio Manager



**Trent Loi**

Trent is the Portfolio Manager for the international share and Australian small companies portfolios within the Specialist, Experts' Choice and ipac ranges of funds. In this role, he is responsible for devising investment strategy, conducting manager research & selection and constructing multi-manager portfolios. Prior to joining AMP Capital in May 2012, he was an Associate Consultant at Mercer 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.amp.com.au/investments](http://www.amp.com.au/investments)

You can also call us on **133 267**

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