



Specialist Australian Small Companies

Quarterly Investment Option Update

31 March 2025

Aim and Strategy

The strategy aims to provide total returns (income and capital growth) after investment fees and costs and before tax, above the S&P/ASX Small Ordinaries Accumulation Index, on a rolling 3-year basis by using a multi-manager approach. The portfolio invests primarily in small companies listed on the Australian Securities Exchange (ASX). For this portfolio small companies are considered to be those outside the top 100 listed companies (by market value). Up to 20% of the portfolio may be invested in unlisted companies that the investment manager believes are likely to be listed in the next 12 months.

Investment Option Performance

To view the latest investment performances for this product, please visit www.amp.com.au/performance

Investment Option Overview

Investment category	Australian Shares
Suggested minimum investment timeframe	7 years
Standard Risk Measure	7/Very High
Investment style	Active
Manager style	Multi-manager

Asset Allocation	Benchmark (%)
Australian shares	100
Cash	0

Actual Allocation	%
Global Shares	12.93
Australian Shares	75.98
Property	4.79
Cash	6.30

Sector Allocation	%
Materials	15.88
Financials	14.78
Consumer Discretionary	14.69
Information Technology	10.51
Industrials	10.02
Health Care	9.85
Communication Services	8.86
Cash	6.30
Real Estate	4.79
Energy	2.72
Consumer Staples	1.59

Top Holdings	%
AUB Group Ltd	3.45
News Corp	2.66
Ingenia Communities Group	2.50
Regis Healthcare Ltd	2.42
Life360 Inc	2.24
Brickworks Ltd	2.18
Infratil Ltd	2.18
Domain Holdings Australia Ltd	2.12
Genesis Minerals Ltd	2.09
Technology One Ltd	1.96

Fund Performance

The Investment Option lost ground and underperformed its benchmark over the March quarter, in a period when small companies performed slightly better than their larger counterparts overall. Over longer time periods, the Investment Option continues to outperform its benchmark, including over 5 years, and since inception. There was significant divergence in underlying managers' returns during the quarter. Spheria (one of the three underlying managers) delivered a stellar positive return to also outperform the benchmark.

Sector allocation detracted from returns on a relative basis, whereas stock selection added value overall. The main exposure that held back returns at a sector level was the large underweight position in materials, with overweight exposures to IT and health care also hampering performance. On the flipside, the overweight position in communication services was the primary contributor.

Regarding stock selection, most sectors' positions added value, with exposures within materials, IT, consumer discretionary and real estate the main drivers. Elsewhere, consumer staples and financials exposures were the main detractors overall.

The largest individual contributor to relative performance was the overweight position in online real estate marketplace Domain Holdings Australia (+69%) which soared after the company received an unsolicited takeover offer from minority shareholder CoStar Group to fully acquire the company, with the offer being further increased later in the period. Other major contributors included the nil position in regenerative biotech company Mesoblast (-37%), which suffered after the company completed a major global capital raising and the overweight exposure to gold miner Genesis Minerals (+50%), which was buoyed by the strength of the gold price that was driven by heightened geopolitical and macroeconomic uncertainty.

The largest individual detractor from relative performance was the overweight holding in 'buy now pay later' fintech company Zip Co (-46%), which gave up some of its prior outperformance despite announcing reasonable results for the latest quarter. Other detractors included the nil positions in gold miners Perseus Mining (+31%) and West African Resources (+62%), which benefitted from the rising gold price on the back of geopolitical and macroeconomic uncertainty. In addition, Perseus Mining was buoyed by its latest report showing strong earnings were supported by robust production and the declaration of a record interim dividend, whilst West African Resources also rose after reporting robust full year results, where the company confirmed the construction of the Kiaka Gold Project was on track for Q3 2025.

Market Review

Australian shares, similar to their international counterparts, steadily rose in the first half of the March quarter before pulling back later in the period, closing the quarter down by 2.8% as measured by the ASX200 total return index. Earlier in the quarter, traders took comfort from small signs of improvement in the still-struggling domestic economy, including small increases in retail and business sentiment, as well as building permits, plus the RBA's long-awaited though largely expected rate cut in February. Towards the end of February, some concern kicked in from global markets around the

Trump administration's tariffs, which despite being well-telegraphed in the election campaign, turned out to be levied at higher rates than many anticipated (as revealed in early April.) Compared to other countries such as China, Australia exports a relatively low amount of goods to the US, thus any impact to domestic GDP appears likely to be small. IT was the weakest sector for the quarter, driven by falls in the US, while healthcare was also weak amid fears of potential US tariffs. Defensive sectors outside of healthcare, such as utilities and communications, produced the strongest returns for the period.

Outlook

Corporate earnings in Australia, while still struggling in some areas, have generally shown resilience, though earnings growth expectations in the short to medium-term are mild. Generally, containing costs remains a priority over more aggressive targeting of top-line growth. While the low-growth economic environment remains difficult, the stability of Australian earnings and dividends over the long-term, and the ability to generate a growing, tax-effective income stream should be kept in mind. Over the long-term, we believe Australian shares will continue to rise, with volatility being a necessary premium to pay in exchange for higher potential returns.

Availability

Product Name	APIR
Flexible Lifetime - Investments (Series 1)	AMP1005AU**
Flexible Lifetime - Investments (Series 2)	AMP1411AU**
SignatureSuper	AMP0951AU
SignatureSuper - Allocated Pension	AMP1147AU
SignatureSuper - Term Pension	AMP1147AU*

*Closed to new investors

**Closed to new and existing investors

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