

Specialist Australian Small Companies

Quarterly Investment Option Update

30 June 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 | 9.63 |
| Australian Shares | 73.39 |
| Property | 5.63 |
| Cash | 11.36 |

| Sector Allocation | % |
|------------------------|-------|
| Financials | 20.00 |
| Consumer Discretionary | 15.43 |
| Materials | 11.63 |
| Cash | 11.36 |
| Information Technology | 10.59 |
| Industrials | 8.21 |
| Health Care | 7.03 |
| Communication Services | 6.95 |
| Real Estate | 5.63 |
| Energy | 1.94 |
| Consumer Staples | 1.22 |

| Top Holdings | % |
|--------------------------------|------|
| Zip Co Ltd | 3.77 |
| AUB Group Ltd | 3.62 |
| Netwealth Group Ltd | 3.44 |
| Regis Healthcare Ltd | 2.97 |
| News Corp | 2.91 |
| Ingenia Communities Group | 2.81 |
| Eagers Automotive Ltd | 2.76 |
| Breville Group Ltd | 2.61 |
| Life360 Inc | 2.58 |
| Dalrymple Bay Infrastructure L | 2.27 |

Fund Performance

The Fund posted a healthy return however underperformed its benchmark over the June quarter, in a period when small companies slightly lagged their larger counterparts overall. Over longer time periods, the Fund continues to deliver strong returns, including over the 12 months to 30 June and is outperforming its benchmark over 5 years, and since inception. There was significant divergence in underlying managers' returns during the quarter. Eiger (one of the three underlying managers) delivered a stellar positive return to also outperform the benchmark.

Stock selection was the main detractor from relative returns, with sector allocation also detracting. The main exposure that held back returns at a sector level was the cash position as the market rose strongly overall, with the overweight position in health care also hampering performance. This more than offset the contributions from most other active sector positioning, in particular the overweight exposure to financials and being significantly underweight materials.

Regarding stock selection, most sectors' positions detracted from relative returns, with exposures within industrials, communications services and energy outweighing the contributions from positions in financials, IT and materials.

A significant contributor at the stock level was the overweight holding in 'buy now pay later' fintech company Zip Co, which soared on the back of company management confirming strong recent trading results (particularly in the US) and upgrading its expectations for expectations for FY2025. The share price was further underpinned by the ongoing implementation of its share buy-back programme during the period. Other major contributors included overweight positions in digital locations-based company Life360 and specialist business software provider Technology One.

A major detractor included nil position in drone detection IT specialist DroneShield, which has been buoyed by heightened political tensions in general and saw its share price shoot up when the company announced its largest ever order (which exceeds its revenue for calendar year 2024) from a European-based military customer. Other detractors included overweight positions in Microba Life Sciences, a company offering technology solutions for measuring the human gut microbiome, and biopharmaceutical company Telix Pharmaceuticals.

Market Review

Australian shares were largely driven by international market movements in the June quarter, achieving a similar stellar return of 9.5%, as measured by the ASX200 total return index. This was despite significant falls earlier in the period due to fears sparked by the early April US tariff announcements. Over the following weeks however, markets steadily clawed back territory amid progressing global trade dialogue and resilient corporate earnings and economic growth, particularly in the US. Further, with Australian inflation now finally back within the RBA's target band, the central bank made another rate cut in May, while markets subsequently moved to price in several more cuts in 2025 against a backdrop of weak but still-positive domestic economic growth, all of which further boosted Australian shares. Regarding sector-specific returns, IT stocks were the top performers, riding the ongoing wave of global demand for AI and cloud-based solutions. Materials stocks meanwhile showed some weakness, not helped by ongoing Chinese economic issues.

Outlook

Despite the RBA having entered a rate cutting cycle, trepidation remains regarding the speed of domestic economic recovery, the ability of corporates to grow profitability over the near-term, and broader issues such as housing affordability, immigration and energy usage. While the overall economic climate remains difficult, stability of Australian earnings and dividends over the long-term, and their 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 bouts of volatility likely, as always, along the way.

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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