

# Specialist Australian Small Companies 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 S&P/ASX Small Ordinaries Accumulation Index on a rolling 3 year basis. The Fund may be suitable for investors who are seeking capital growth through exposure to a portfolio of Australian small companies. Due to the inherent volatility of share prices of listed companies, and particularly the share prices of small company shares, investment returns will fluctuate. The Fund aims to pay distributions half-yearly. You should be aware that although the Fund aims to pay distributions, the amount of each distribution may vary, or no distribution may be payable in a distribution period.

### How we manage your money

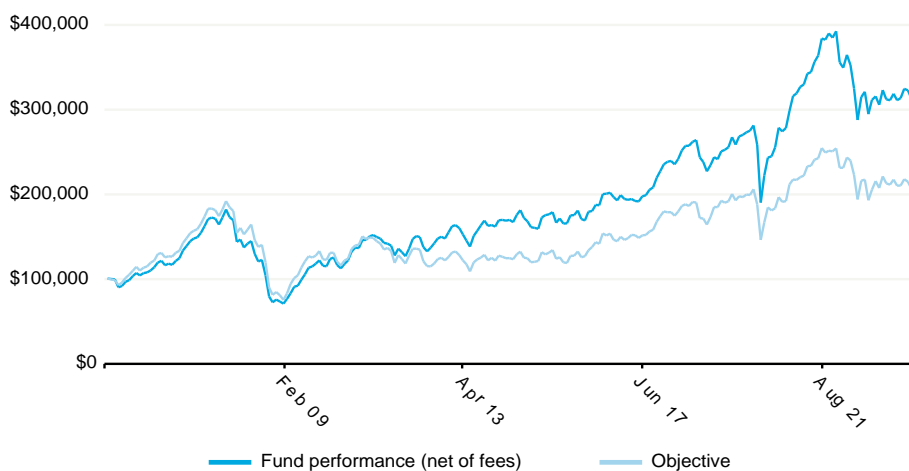
The Fund normally invests primarily in shares in small companies listed on the Australian Securities Exchange (ASX). Smaller companies are generally those defined as being outside the top 100 companies listed on the ASX. However, there is some ability for managers to invest in those stocks in the Top 50-100 band if allowed for in the individual managers mandate. Up to 20% of the Fund may be invested in unlisted companies that are believed to be likely to be listed in the next 12 months on the ASX.

### Performance as at 31 March 2024

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	4.76	8.81	16.15	3.10	8.40	9.26	7.03
Objective	4.79	7.55	13.83	2.72	5.43	6.79	4.81
Excess return	-0.03	1.26	2.32	0.38	2.97	2.46	2.22

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

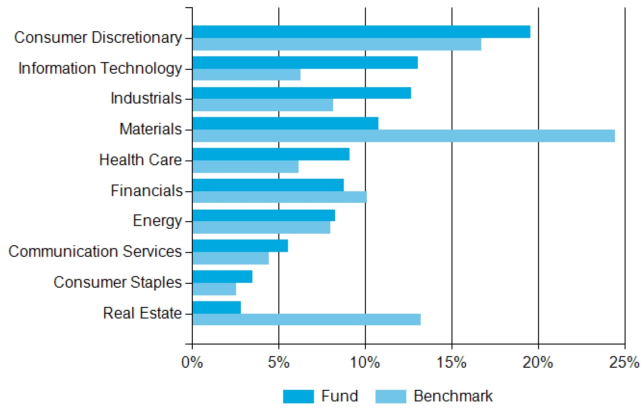
APIR	AMP0973AU
Inception date	10 January 2005
Fund Size	\$176,192,978
Total ongoing annual fees and cost*	1.75% p.a.
Buy/Sell spread*	+0.25%/-0.25%
Distribution frequency	Half-yearly
Minimum investment	\$10,000,000
Minimum suggested time frame	7 years

\*Fee information is correct as of 30 June 2023 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).

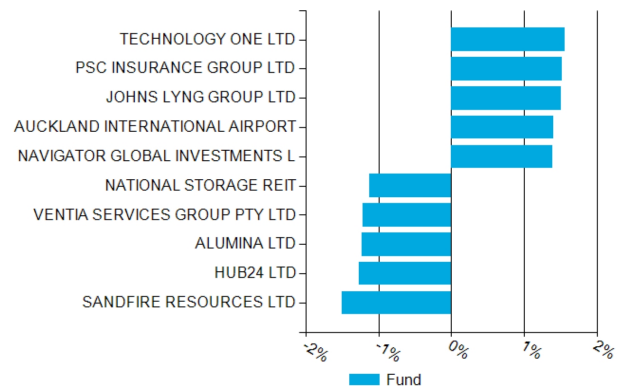
### What happened last period

- Australian shares rose to new highs in the March quarter, with small companies outpacing their larger counterparts overall.
- The Fund gained good ground and outperformed its benchmark.
- Two of the Fund's four underlying managers delivered double-digit returns and three outperformed the benchmark.
- Sector allocation was the primary driver of relative returns, whilst stock selection was broadly neutral during the period.

## Sector allocation (%)



## Top/Bottom Excess Weights



## Fund Performance

The Fund posted a strong positive return and outperformed its benchmark over the March quarter, in a period when small companies outperformed their larger counterparts overall. There was significant divergence in the Fund's underlying managers' returns. Two of the four managers delivered double-digit returns, led by Perennial and Eley Griffiths and alongside Eiger also outperformed the benchmark. However, after performing strongly in the prior quarter, Spheria was a drag on relative returns. The Fund continues to outperform its benchmark over the longer term, including over 5 years, and since inception.

Sector allocation was the primary driver of relative returns, whilst stock selection was broadly neutral during the period. Regarding sector allocation, the main positions which contributed to returns were the overweight exposure to IT and underweight position in materials, with the Fund's cash position the main detractor in a strongly rising market.

Turning to stock selection, positions in energy and health care added most value. On the flipside, the Fund's stock positions in consumer discretionary and industrials were the main laggards.

The largest individual contributor to relative performance was the overweight position in US-based locations-based IT company Life360 (+73%), which was buoyed by the company's announcement of its intention to sell advertising to its sizeable free user base in addition to strong growth in its full year accounts. Other major contributors included overweight positions in telecommunications and internet services provider Superloop (+93%) and gas producer Cooper Energy (+69%).

The largest individual detractor from relative performance was the nil holding in IT networking company Megaport (+63%), which soared after the company's latest quarterly update which showed strong cash flow as well as increased revenue on

the back of ongoing growth in customers and business overall across all regional markets. Other detractors included an overweight position in medical technology specialist ImpediMed (-36%) and the nil holding in 'buy now pay later' fintech company Zip Co (+119%).

## Market Review

Australian shares reached new highs in the March quarter, closing the period up by 5.3% as measured by the ASX200 total return index. Optimism from international markets drove positive sentiment, particularly the US, where economic growth remained positive and inflation fell further. The February Australian corporate reporting season meanwhile was generally somewhat favourable relative to expectations, with more upside earnings surprises than downside. Key themes included resilient earnings, a continued focus on cost management and cautiously positive outlook statements based on improving economic outlooks. The Australian economy meanwhile continued to show modest GDP growth, albeit falling on a per capita basis due to high levels of immigration. Consumer sentiment remained weak, though employment figures showed signs of improvement.

## Outlook

Corporate earnings in Australia, while still struggling in some areas, have generally shown resilience. Businesses remain focussed on cost pressures, though there are signs the cost-cutting cycle may have peaked. While the low-growth economic environment remains difficult, the 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 volatility being necessary to provide opportunities for higher returns.

## 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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