

# Lazard Global Small Cap

Quarterly Investment Option Update

30 June 2020

## Aim and Strategy

To achieve total returns (includes income and capital appreciation and before the deduction of fees and taxes) that exceed those of the MSCI World Small Cap Accumulation Index by 3% per annum over rolling 3 year periods. The investment strategy is to provide investors with access to investments in global small companies in any geographical location. The portfolio will generally have:

- Limits on the equity securities (including securities convertible into equity securities) holdings of any one issuer at the time of purchase; No more than 25% of the assets may be invested in the equity securities (including securities convertible into equity securities) of issuers located in emerging market countries. Emerging market countries will be determined by the investment manager but are generally considered to be countries not included in the MSCI World Small Cap Accumulation Index.

## Investment Option Performance

To view the latest investment performances for each product please visit [amp.com.au](http://amp.com.au)

## Investment Option Overview

<b>Investment Category</b>	Global Shares
<b>Suggested Investment timeframe</b>	5+ years
<b>Relative risk rating</b>	6 / High
<b>Investment style</b>	Small Cap – Value
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100%	98.3
Cash	0%	1.7

Sector Allocation	%
Communication Services	6.2
Consumer Discretionary	11.2
Consumer Staples	3.0
Energy	2.2
Financials	9.4
Health Care	11.8
Industrials	16.8
Information Technology	16.1
Materials	4.9
Real Estate	13.7
Utilities	3.1

Regional Allocation	%
Europe ex UK	16.9
UK	6.3
North America	58.4
Japan	13.3
Asia Pacific ex Japan	1.6
Middle East & Africa	1.0
Emerging Markets	0.8
Cash	1.7

Top Holdings	%
Open House	1.8
TeamViewer	1.7
Pennon Group	1.6
Columbus McKinnon	1.6
LCI Industries	1.6
Bravura Solutions	1.6
Aroundtown Property	1.6
Shurgard Self Storage	1.6
Stillfront	1.6
WPT	1.5

## Investment Option Commentary

The portfolio showed good stock selection in financials and communications and poor stock selection in information technology and industrials. By geography, stock selection in Japan and Continental Europe was positive while stock selection in the United States and United Kingdom hurt performance.

Stillfront, a Swedish-listed mobile focused gaming company, contributed to performance. The company reported accelerated demand during the period and continued its M&A consolidation strategy. We continue to hold the shares.

**Malibu Boats**, a US-listed specialty designer and manufacturer of sports boats used for water skiing and wake surfing, contributed to performance. While the marine industry continues to be weak, Malibu has shown its market leading positioning and ability to outpace the market. Industry channel checks are also supportive of demand improvement in outdoor leisure as people are starting to take trips again. The Fund Manager continue to hold the shares.

**PS Business Parks**, a US-listed industrial and flex real estate investment trust, detracted from performance. The company reported strong performance metrics in the period with stable rent collections and profitability. Even though fundamentals are solid relative to the environment, investors are concerned with the management team health, namely the CEO's medical absence. The company continues to deliver strong results and the thesis is intact. The Fund Manager continue to hold the shares.

**J2 Global**, a US-listed internet company, detracted from performance. The company was subject to a short report focusing on the roll up business model of the company. The Fund Manager continue to hold the shares.

## Market Commentary

Global equities recovered sharply in the second quarter of 2020. Governmental support combined with favorable commentary regarding COVID-19 vaccine progression continued to support improving investor sentiment. Most markets were buoyed by this increased optimism. While the UK lagged due to renewed Brexit concern and Japan lagged due to its more muted COVID impact, both markets were still up sharply in the period. In this environment, cyclicals such as energy and consumer discretionary outpaced the market, while defensives such as utilities and real estate lagged.

## Outlook

As the impact of COVID has been widespread, US employment numbers have been sharply negatively impacted and Global PMIs have been hit. While political and geopolitical issues like the OPEC and Russia energy conflict are important risk factors, Covid poses the greatest risk in our view. In addition, in an already levered world, the placating actions of central banks demand the attention of investors.

## Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1714AU*
AMP Flexible Super - Retirement account	AMP1769AU*
AMP Flexible Super - Super account	AMP1757AU*
CustomSuper	AMP1714AU*
Flexible Lifetime - Allocated Pension	AMP1718AU*
SignatureSuper	AMP1736AU*
SignatureSuper Allocated Pension	AMP1748AU*
AMP Flexible Lifetime Super	AMP1714AU*

\* Closed to new members

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