

Lazard Global Small Cap

Quarterly Investment Option Update

31 December 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/performance

Investment Option Overview

Investment Category	Global Shares
Suggested Investment timeframe	5+ years
Relative risk rating	7 / Very high
Investment style	Small Cap – Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	97.3
Cash	0	2.7

Sector Allocation	%
Communication Services	4.7
Consumer Discretionary	12.4
Consumer Staples	4.6
Energy	1.6
Financials	10.0
Health Care	11.2
Industrials	18.3
Information Technology	15.6
Materials	6.7
Real Estate	9.5
Utilities	2.8

Regional Allocation	%
Europe ex UK	20.4
UK	5.6
North America	59.1
Japan	10.0
Asia Pacific ex Japan	1.0
Emerging Markets	1.1
Cash	2.7
Europe ex UK	20.4

Top Holdings	%
Citizens Financial Group	2.0
Commerce Bancshares	2.0
flatexDEGIRO	1.8
Envista	1.8
Ingevity Corporation	1.7
Stelco	1.7
Cactus	1.6
Aroundtown Property	1.6
Valmont Industries	1.6
Eagle Materials	1.6

Investment Option Commentary

The Lazard Global Small Cap Fund underperformed the MSCI World Small Cap Index in the quarter due mainly to stock selection, the drag of holding cash in a market rally, and the market's low-quality bias.

Stelco, a Canada-listed steel manufacturer, contributed to relative performance. Better-than-expected end demand, coupled with an industry supply shortage, provided a strong backdrop for company operations. With an industry-leading cost structure, low debt, and underappreciated assets, the company appears well placed to succeed.

Atkore, a US-listed manufacturer of electrical products for the construction industry, also contributed. The company continued to improve profitability and provided a more optimistic outlook than expected by some investors.

Solarwinds, a US-listed provider of information technology management software, detracted. During the quarter, one of the company's product suites was compromised in a malicious hack by foreign actors. Notwithstanding the company's long-term track record and high historical retention rates, investors have been assessing risks related to the breach.

Arteria, a Japan-listed network communication services provider, also detracted. Incremental demand benefits due to the work-from-home surge were somewhat offset by the resultant need for additional investment as well as by spending delays from corporate customers.

The Fund has maintained its holdings in all four names.

Market Commentary

Global equity markets rose in the fourth quarter, with all sectors posting strong gains. Cyclical sectors like energy and financials outperformed on a relative basis, as did information technology. More defensive sectors like consumer staples and real estate trailed. Regionally, all major geographies gained during the month, though Japan lagged on a relative basis. North America outperformed. In general, stocks of low quality (e.g., low return on equity), unprofitable, and/or more indebted companies outperformed—particularly those with depressed valuations (e.g., on a price-to-book value basis).

Outlook

The COVID-19 vaccine rollout is likely to drive investor sentiment in the near to medium term. Recent optimism, however, must be weighed against the unfortunate effects of persistent and widespread surges in infection rates and fatalities. The outcome of the US elections during the quarter buoyed investor sentiment as uncertainty dissipated and the path toward additional fiscal stimulus opened. As the US government transition process continues, investors may become increasingly focused on US-China trade relations and the progressive policy changes US President-elect Biden plans to pursue. Inflation expectations, which have crept upwards, as well as continued US Dollar weakness, are also factors that are likely to influence investor positioning in the months and quarters ahead.

Availability

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

*Closed to new investors

Contact Details

Web: www.amp.com.au
Email: askamp@amp.com.au
Phone: 131 267



What you need to know

This publication has been prepared by AWM Services Pty Limited ABN 15 139 353 496, AFSL No. 366121 (AWM Services). The information contained in this publication has been derived from sources believed to be accurate and reliable as at the date of this document. Information provided in this investment option update are views of the underlying investment manager only and not necessarily the views of AMP Limited ABN 49 079 354 519 (AMP Group). No representation is given in relation to the accuracy or completeness of any statement contained in it. Whilst care has been taken in the preparation of this publication, to the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information.

The investment option referred to in this publication is available through products issued by N.M. Superannuation Proprietary Ltd ABN 31 008 428 322, AFSL 234654 (NM Super), AMP Capital Funds Management Limited ABN 15 159 557 721, AFSL 426455 (AMPCFM) and/or ipac asset management limited ABN 22 003 257 225, AFSL 234655 (ipac). Before deciding to invest or make a decision about the investment options, you should read the current Product Disclosure Statement (PDS) for the relevant product, available from the issuer or your financial planner.

Any advice in this document is of a general nature only and does not take into account your financial situation, objectives and needs. Before you make any investment decision based on the information contained in this document you should consider how it applies to your personal objectives, financial situation and needs, or speak to a financial planner. In providing any general advice, AMP Group receives fees and charges and their employees and directors receive salaries, bonuses and other benefits.

Any references to the "Fund", strategies, asset allocations or exposures are references to the underlying managed fund that the investment option either directly or indirectly invests in. The investment option's aim and strategy mirrors the objective and investment approach of the underlying fund. An investment in the investment option is not a direct investment in the underlying fund.

Neither NM Super, AMPCFM, ipac, AWM Services, any other company in the AMP Group nor the underlying fund manager guarantees the repayment of capital or the performance of any product or particular rate of return referred to in this document, unless expressly stated in the PDS. Past performance is not a reliable indicator of future performance. Any slight asset allocation deviations from 100% may be caused by rounding, asset categorisation and/or hedging.