

Lazard Global Small Cap

Quarterly Investment Option Update

31 March 2021

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	97.4
Cash	0	2.6

Sector Allocation	%
Communication Services	3.4
Consumer Discretionary	12.8
Consumer Staples	5.4
Energy	2.0
Financials	11.7
Health Care	11.3
Industrials	18.4
Information Technology	14.4
Materials	7.3
Real Estate	7.9
Utilities	2.7
Cash	2.6

Top Holdings	%
Commerce Bancshares	2.2
East West Bancorp	2.2
Stelco	2.1
Cactus	2.0
flatexDEGIRO	2.0
MKS Instruments	1.9
Eagle Materials	1.9
Arcadis	1.8
Malibu Boats	1.5
F5 Networks	1.5

Investment Option Commentary

The Lazard Global Small Cap Equity Fund outperformed the MSCI World Small Cap Index (the “Index”) in the quarter due primarily to positive stock selection impact. On a sector basis, allocation impact was modestly negative due mainly to cash drag in an up-market. On a regional basis, allocation impact was marginally positive due primarily to the portfolio’s underweight to Asia non-Japan.

Atkore, a US-listed manufacturer of electrical products for the construction industry, contributed to relative performance in the period. During the period, the company announced better-than-expected results and provided an optimistic outlook for the future. The business’ resilience during the pandemic has been well received by the market.

Valmont, a US-listed manufacturer of highly engineered metal products used in a variety of specialized applications (e.g. utility poles, traffic and lighting structures, irrigation equipment and metal coatings), contributed to relative performance in the period. The company announced better-than-expected results in the period and appears well placed to benefit from increased infrastructure demand as result of US fiscal stimulus efforts.

Stillfront, a Sweden-listed digital games developer, detracted from relative performance in the period. The company announced a mixed set of results during the period as customer acquisition costs were somewhat higher than expected and foreign exchange impacts were unfavorable. The fund believes these headwinds will prove temporary.

TeamViewer, a German-listed software solutions provider that enables full remote access and control functionality for connected devices, detracted from performance in the period. During the period, the company announced two marketing partnerships that will positively affect the business in the long term, but negatively impact profitability in the near term.

The Fund has maintained its holdings in all four names.

Market Commentary

Global equity markets rose strongly in the quarter. All sectors rose in the period. Cyclical sectors like energy, consumer discretionary, and financials outperformed on a relative basis. The more defensive sectors like utilities and health care, however, trailed on a relative basis, as did information technology. Regionally, all major geographies were up during the month, though the United States outperformed on a relative basis while the rest of world lagged. In general, stocks of high quality (e.g. high return on equity or ROE) companies with less expensive valuations (e.g. low price/earnings ratio or P/E) outperformed. Value stocks led growth stocks by a wide margin.

Outlook

Many of the factors that drove favorable market dynamics for the portfolio during the period still appear to be in place. COVID-19 vaccine distribution continues to gather pace, monetary policy remains accommodative, fiscal stimulus abounds (particularly in the United States), inflation expectations are rising alongside optimism for an economic recovery, and yield curves are steepening. In the near to medium-term, however, these factors must be weighed against the real possibility vaccination efforts will be derailed or delayed by new variants of the virus. In the medium to long-term, there is also risk that inflation will rise to unhealthy levels because of the unprecedented stimulus (both monetary and fiscal) efforts undertaken in response to the pandemic. In addition, while geopolitical uncertainty has waned somewhat due to the outcome of the US elections and resolution of Brexit, tensions remain high in many parts of the world, particularly between the United States and China.

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

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