

# Lazard Global Small Cap

Quarterly Investment Option Update

30-June-2018

## Availability

Product name	APIR
AMP Flexible Super – Choice (Retirement)	AMP1769AU
AMP Flexible Super – Choice (Super)	AMP1757AU
CustomSuper	AMP1714AU
Flexible Lifetime – Allocated Pension	AMP1718AU
Flexible Lifetime – Super	AMP1714AU
Signature Super	AMP1736AU
Signature Super – Allocated Pension	AMP1748AU

## Investment Option Performance

Investment performances are subject to product fees and where relevant tax as outlined in the product PDS. Therefore investment performance may differ between products. In addition, activity on your account such as contributions and deductions will also impact the investment performance specific to you. To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au). You can also view the last investment performance specific to you by visiting your My Portfolio account.

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## Overview

**Aim & 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 category:** Global equities

**Suggested Investment Timeframe:** 5+ years

**Relative Risk Rating:** High

**Investment Style:** Small Cap – Value

Asset Allocation	Benchmark (%)	Range (%)
Small Cap Equities	100%	95-100%
Cash	0%	0-5%

## Holdings

Industry Exposure	%
Consumer Discretionary	14.1
Consumer Staples	1.1
Energy	3.7
Financials	12.5
Health Care	5.0
Industrials	23.2
Information Technology	17.6
Materials	10.6
Real Estate	8.8
Telecommunication Services	1.5
Utilities	0.0
Cash	1.9

Regional Exposure	%
Europe ex UK	13.6
UK	13.8
North America	50.3
Japan	12.5
Asia Pacific ex Japan	6.0
Middle East & Africa	0.0
Emerging Markets	1.9
Cash	1.9

Top Ten Securities	%
Aroundtown	1.9
National Storage	1.9
Rightmove	1.8
Dalata Hotel	1.7
Innospec	1.7
Atkore International	1.7
J2 Global	1.7
RPC Group	1.6
SpeedCast	1.5
Graphic Packaging	1.4

## Investment Option Commentary

The fund benefited from positive stock selection in continental Europe, Japan and North America while stock selection in the United Kingdom and Asia ex-Japan hurt performance. By sector, stock selection in real estate, consumer discretionary and industrials more than offset weaker stock selection in healthcare, materials, and energy. Below are some of the names that impacted the fund in the year.

Malibu Boats, a US-listed specialty designer and manufacturer of sport boats used for water skiing, wakeboarding, and wake surfing, contributed to performance during the year. During the month of February, the company reported strong operating results with revenues and earnings ahead of forecasts, and industry data reported during the quarter was supportive of positive trends for the company. The Fund continue to hold the

shares.

GMO Internet, a Japanese-listed company which provides internet infrastructure services such as advertising, payment processing and security systems, as well as one of the largest online retail currency trading platforms, also contributed to the fund's performance. In October, its listed payment processing subsidiary announced preliminary results that showed ongoing strong sales growth. This was followed up by a broker initiation report with a buy rating that supported the positive market reaction to the earnings announcement. The Fund continues to hold the stock given the strength of its market position and growth potential in the payment processing space.

AroundTown, a German listed real estate company which acquires assets at attractive yields and over time improves those assets leading to higher rents and returns, contributed to performance during the year. The company reported strong progress on its pace of investments as well as positive first half results, helping propel the stock.

NCS Multistage Holdings, a US-listed energy company with differentiated technology used in domestic oil production/fracking, detracted from performance during the year. While the company discussed promising trends on customer/technology adoption on its third quarter earnings call, a weak outlook for its Canadian business in the fourth quarter prompted lower forward guidance. The Fund subsequently exited the position.

Arrow Global Group, a UK-listed company which purchases and manages delinquent debts, detracted from performance during the month. While the company posted strong results as well as several acquisitions in Italy which will expand its asset-light asset management business, some in the marketplace remain concerned with competitiveness/prices paid for debt, as well as the pace at which the company will expand its asset management business. The Fund Manager believes these concerns are more-than priced into the stock and continue to hold the shares.

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