

Lazard Global Small Cap

Quarterly Investment Option Update

30 June 2019

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

Investment Option Overview

Investment category	Global Shares
Suggested investment timeframe	5+ years
Relative risk rating	6 / High
Investment style	Small Cap – Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Range (%)
Global Shares	100%	95-100%
Cash	0%	0-5%

Regional Allocation	%
Europe ex UK	13.4
UK	7.7
North America	59.9
Japan	11.6
Asia Pacific ex Japan	3.8
Middle East & Africa	0.0
Emerging Markets	2.8
Cash	0.8

Sector Allocation	%
Communication Services	6.9
Consumer Discretionary	13.4
Consumer Staples	0.8
Energy	2.3
Financials	12.2
Health Care	11.9
Industrials	16.8
Information Technology	14.4
Materials	5.2
Real Estate	14.4
Utilities	1
Cash	0.8

Top Holdings	%
Aroundtown Property	1.9
J2 Global	1.9
Malibu Boats	1.8
Dalata Hotel	1.7
MKS Instruments	1.7
Armstrong World	1.7
PacWest Bancorp	1.6
Altus	1.6
Steven Madden	1.6
Clinigen	1.6

Investment Option Commentary

The portfolio benefited from stock selection in industrials, real estate, and information technology, while stock selection in communication services and consumer discretionary detracted. By geography, stock selection in United States and Japan was additive while the stock selection in the United Kingdom and Continental Europe detracted.

Altus Group Ltd, a Canadian-listed company which provides software for data analytics to the commercial real estate market, along with property tax consulting, contributed during the quarter as earnings exceeded expectations. The company also provided an update on its ongoing strategy for higher growth and recurring revenues that gave us confidence in its long term prospects.

Market Commentary

Global equities ended the second quarter basically flat. After a strong start to 2019, the market faltered, challenged by political overhang and softer global economic data. Continental Europe outperformed, helped by dovish comments by the European Central Bank that underpinned market sentiment. The United States performed broadly in line with the global index. The Federal Reserve's commentary on rates and improving prospects for a resolution of US-China trade disputes at the end of the quarter outweighed weaker earnings and macroeconomic data. A lack of consensus on Brexit took a toll on the UK market. Worries about an increase in the consumption tax and economic slowdown dragged similarly on the Japanese market. Information technology and industrials outperformed, while energy and consumer staples lagged..

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*

* Closed to new members

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