

# AMP CAPITAL AUSTRALIAN EQUITY OPPORTUNITIES FUND - OFF-PLATFORM CLASS H

To provide total returns (income and capital growth), after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis.

## Performance summary

- > The Fund's outperformance during the period was driven mainly by positive stock selection
- > Australian share markets were moderately stronger during August
- > Australian companies remain sensitive to residential house prices, the impact on commodities of economic growth in China and the path of global interest rates

## Investment approach

The Fund is not restricted in the sectors in which it invests. This unconstrained approach provides the Fund with the flexibility to take advantage of companies we believe are under or overvalued, in relation to their projected long term earning potential, based on our investment philosophy that earnings drive share prices. Differing from traditional equity funds which generally take only long positions, the Fund's investment strategy simultaneously holds both long and short positions. Typically, the Fund can hold up to 45 long positions in companies which we believe are under-priced, with the aim of gaining from outperformance or an increase in share price. Conversely, the Fund may hold up to 20 short positions against companies which we believe are overpriced, with the aim of profiting from underperformance or a decrease in share price.

For more information visit [ampcapital.com.au](http://ampcapital.com.au)

## Performance – as at 31 August 2017

**Inception Date:** 01 Mar 2012

**Performance benchmark:** S&P/ASX 200 Accumulation Index AUD

**Management costs:** 1.05% plus possible performance fees and recoverable expenses

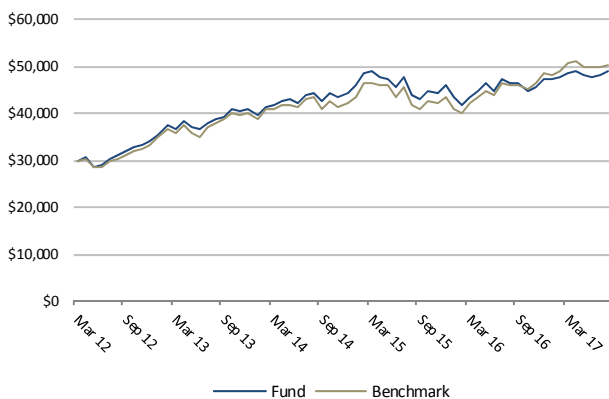
%	1 mth	3 mth	1 yr	3 yr	5 yr	Incept
Total return - after fees	1.40	1.57	5.40	3.24	9.49	9.69
Before tax and fees	1.49	1.78	6.45	4.34	10.68	10.81
Benchmark	0.71	0.87	9.79	5.13	10.56	10.29

Past performance is not a reliable indicator of future performance.

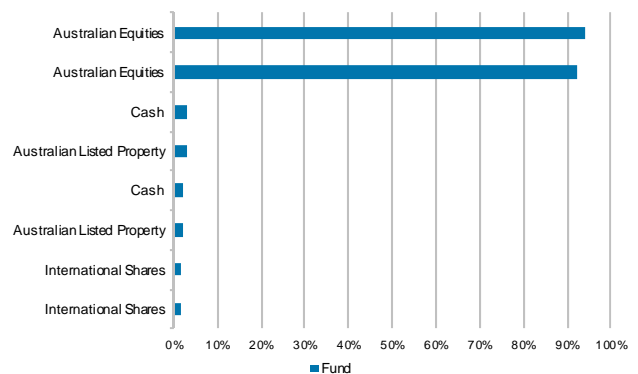
Performance is annualised for periods greater than one year.

Past performance is not a reliable indicator of future performance. Performance is annualised for periods greater than one year. Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after Class 'A' fees and costs, assume all distributions are reinvested.

## \$30,000 invested since inception



## Asset allocation



## Top 10 holdings

Security Details	% Portf	% Bench
COMMONWEALTH BANK AUST	9.40	8.69
WESTPAC BANKING CORP	6.88	7.04
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD	6.83	5.73
BHP BILLITON LTD	6.68	5.83
CSL LTD	6.26	3.87
NATIONAL AUSTRALIA BANK LTD	5.16	5.38
WESFARMERS LTD	4.22	3.21
RIO TINTO LTD	3.80	1.91
AMCOR LTD/AUSTRALIA	3.23	1.24
ORIGIN ENERGY LTD	3.20	0.88

## Boral

- > Provides building and construction materials worldwide
- > 50%-owned joint venture with USG to supply plasterboard and internal linings products in Asia and Australasia
- > USG Boral has operations in Australia, New Zealand, South Korea, China, India, Thailand, Indonesia, Malaysia, Philippines, Singapore, Vietnam and the Middle East
- > Boral North America comprises the Construction Materials and Building Products
- > Industry-leading positions in fly ash processing and distribution, concrete block and Denver construction materials
- > Stone, roofing, light building products and windows businesses, and a 50% share in the Meridian Brick joint venture
- > Delivers exposure to the construction, renovation and commercial applications markets

### Performance and activity

The AMP Capital Australian Equity Opportunities Fund outperformed the S&P/ASX 200 Index due mainly to positive stock selection.

The Fund's outperformance was driven by positive stock selection in food & beverage, media, mining and healthcare and the overweight positions in mining and food & beverage. This was somewhat offset by negative stock selection in diversified financial, an overweight position in media and underweight positions in infrastructure and utilities.

The Fund's stock selection and overweight exposure to mining contributed to relative performance. The Fund's holdings in the sector included the overweight position in Mineral Resources, which was the Fund's strongest single contributor to relative returns over the month. It outperformed the market when it exceeded expectations regarding the volume and speed of its delivery of hard rock lithium. It enjoys a broad portfolio of earnings which benefited from strength in the iron ore market as it has operations in iron ore crushing and washing. Another significant contributor to relative performance was the Fund's overweight position in Evolution Mining, which outperformed the market when the gold price rose on rising geo-political tensions.

The Fund's stock selection and overweight exposure to food & beverage contributed to relative performance. The Fund's holdings in the sector included the overweight position in Treasury Wine Estates, which was the Fund's second strongest single contributor to relative returns over the month. It outperformed the market upon announcing earnings results that reported strong volume gains, cost reductions, solid margins and an outlook which was significantly improved.

At a stock level the Fund's third strongest single contributor to relative returns over the month was the overweight position in Origin Energy. It outperformed the market upon announcing earnings results that reported an improved outlook and reiterated its commitment to balance sheet repair. The overweight position in Wesfarmers also contributed to relative performance when it outperformed the market upon well received earnings results, which included a more positive outlook for the Bunnings and Coles divisions. Another stock that contributed to relative performance was the Fund's zero weight position in BlueScope Steel which significantly underperformed the market when its earnings revealed a larger than expected reduction in steel

spreads and higher input costs, including rising electricity charges.

However stock selection in diversified financial detracted from relative performance during the month. The Fund's overweight position in QBE Insurance Group detracted when it underperformed the market upon announcing an adverse claims cost experience and a downgrade in its outlook and earnings expectations. Insurance Australia Group also underperformed the market during the period when it reported disappointing earnings results; the Fund's overweight exposure detracted from relative performance.

At a stock level the Fund's strongest single detractor from relative returns over the month was the overweight position in Mayne Pharma. Meanwhile the Fund's overweight position in Commonwealth Bank of Australia fell 10% upon news of an investigation by AUSTRAC into alleged non-compliance with the Anti-Money Laundering and Counter Terrorism Financing Act 2006. This followed APRA's announcement that it would launch an enquiry into governance, culture and accountability practices at the bank.

During the period the fund reduced its holding in QBE Insurance Group upon the announcement of a less attractive earnings outlook.

The Fund continues to be positioned to limit the impact of rising bond yields through underweight exposure to the long duration sectors, including listed real estate, utilities and infrastructure. However global bond yields in fact declined during the period which detracted from the Fund's relative performance.

The Fund maintains exposure to the ongoing cyclical recovery in earnings expressed through key overweights such as chemicals, while the Fund maintains overweight exposures to mining and energy, reflecting rising demand for commodities and a stable US dollar. Health care and banks are moderately overweight whilst diversified financial remains underweight.

### Investment objective

To provide total returns (income and capital growth), after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis.

### Facts

Fund size	\$42.56 million
Minimum suggested time frame	5 years
Minimum initial investment	\$10,000
Buy/sell spread	+0.25/-0.25

Distribution frequency	Half Yearly
Date of last distribution	Jun 2017
Distribution cents per unit	20.44

Investors should consider the current product disclosure statement (PDS) available from AMP Capital Investors Limited (ABN 59001 777 591) (AFSL 232497) (AMP Capital) for the AMP CAPITAL AUSTRALIAN EQUITY OPPORTUNITIES FUND - OFF-PLATFORM CLASS H (Fund) unit class before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it's important investors read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. Neither AMP Capital, nor any other company in the AMP Group, guarantees the repayment of capital or the performance of the product or any particular rate of return. Past performance is not a reliable indicator of future performance. AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in this fact sheet including any forecasts. This fact sheet has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation, or needs. An investor should, before making any investment decisions, consider the appropriateness of the information in this fact sheet, and seek professional advice, having regard to the investor's objectives, financial situation, and needs.

### For more information

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