

Experts' Choice & Specialist Funds

16 February 2024

Underlying manager line-up change – international shares

We've recently made some changes to our underlying manager lineup for international shares, applicable to the following funds ('the Funds'):

Experts' Choice	ARSN	APIR Code	PDS location
Experts' Choice International Shares Fund	089 056 913	HLR0006AU	amp.com.au/investments-pds-ibav-a
Experts' Choice Conservative Fund	089 056 593	HLR0004AU	
Experts' Choice Balanced Fund	089 057 625	HLR0003AU	
Experts' Choice Growth Fund	089 058 097	HLR0005AU	

Specialist	ARSN	APIR Code	PDS location
Specialist International Share Fund	103 660 813	AMP0824AU	amp.com.au/investments-pds-wms-a
Specialist International Share (Hedged) Fund	107 655 854	AMP0825AU	

Details of the changes are provided below. While no action is required from you, as always, we recommend you read the PDS document to understand the main benefits and risks of investing, along with other features of the Funds. Indirect investors should also consider the Funds' Target Market Determination (TMD) before making any investment decisions to consider whether a Fund is appropriate for them. These are available at amp.com.au/investments-tmd.

Underlying manager changes

After reviewing the structure of our international share managers used by the Funds, we have appointed Vinva as a new manager and terminated Schroders, whilst also slightly reducing our allocation to Arrowstreet.

Accordingly, the new investment manager blend for the Funds is shown in the table below:

Investment manager	Previous target weight	New target weight
GQG Partners	20%	20%
Orbis	15%	15%
American Century	15%	15%
Arrowstreet	30%	25%
Schroders	20%	-
Vinva	-	25%

Rationale and potential benefits for investors

The international shares components of the Funds have generally performed well over the past decade. In recent years however, valuation differences between countries, specifically higher relative valuations in the surging US technology sector, led to increased market concentration causing some underperformance in the Funds.

Our underlying managers' desire to reduce country-specific risk, i.e., reduce overexposure to the US benchmark and to diversify to other countries, detracted from relative performance. While we believe this desire is sensible in isolation, several of the Funds' underlying managers took a similar approach. Thus, from an overall Fund perspective, we've made these changes to further diversify the blend of investment styles and improve performance consistency.

We believe these changes will improve the Funds' overall risk/return profile, particularly through market cycles, as different investment styles tend to move in and out of favour; and ultimately enhance the Funds' long-term performance.

What is Vinva's investment style?

Vinva adopt an active, quantitative investment approach, that seeks to consistently outperform their benchmark through varying market conditions. They target a diverse range of sources for potential outperformance, combining signals targeting value, momentum, quality and sentiment. Vinva offers a core quantitative allocation to generate consistent outperformance for the portfolio, with a focus on stock selection whilst managing country and sector risk. We believe this manager should cope well with most market conditions, however, may underperform around market turning-points due to exposure to momentum.

Will there be any tax consequences?

Any net capital gains realised from the termination of investment managers may be distributed to you and may form part of the taxable income attributed to you at the end of the financial year. Details will be contained in your annual tax statement, known as an AMIT Member Annual Statement.

We recommend you consult with your professional tax adviser should you require additional information about how attributed taxable income will impact your personal tax position.

Is any action required by investors?

No action is required.

We're here to help

If you have any questions about this update, please contact your Client Account Manager or our Client Services Team on 133 267, between 8.30am and 5.30pm (Sydney time) Monday to Friday or via email at ampinvestments@amp.com.au.

Yours sincerely,



Paul Gambale

Head of Product & Clients

AMP Investments

On behalf of the responsible entity of the Funds, ipac Asset Management Limited (ABN 22 003 257 225, AFSL 234655).

Important Notice: ipac Asset Management Limited (ABN 22 003 257 225, AFSL 234655) (IAML) is the responsible entity of the Experts' Choice Funds and the Specialist Funds (the Funds) and is the issuer of the units in the Funds. To invest in the Funds, investors will need to obtain the current Product Disclosure Statement (PDS) or other offer document for the relevant Funds from National Mutual Funds Management Ltd (ABN 32 006 787 720, AFSL 234652) (NMFМ). The PDS or offer document contains important information about investing in the Funds and it is important that investors read the PDS or offer document before making a decision about whether to acquire, or continue to hold or dispose of units in the Funds. A target market determination has been made in respect of the Funds and is available at amp.com.au/investments-tmd. Neither NMFМ, IAML nor any other company in the AMP Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance. Investors should consider reading the PDS for the Funds before making a decision regarding the Funds. While every care has been taken in the preparation of this document, NMFМ makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This letter has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this letter, and seek professional advice, having regard to their objectives, financial situation and needs. This document is solely for the use of the party to whom it is provided and must not be provided to any other person or entity without the express written consent of NMFМ.