

AMPCAPITAL 

AMP CAPITAL

**EXTRACTING LONG TERM
ALPHA FROM GLOBAL EQUITIES**

SOURCES OF LONG TERM ALPHA

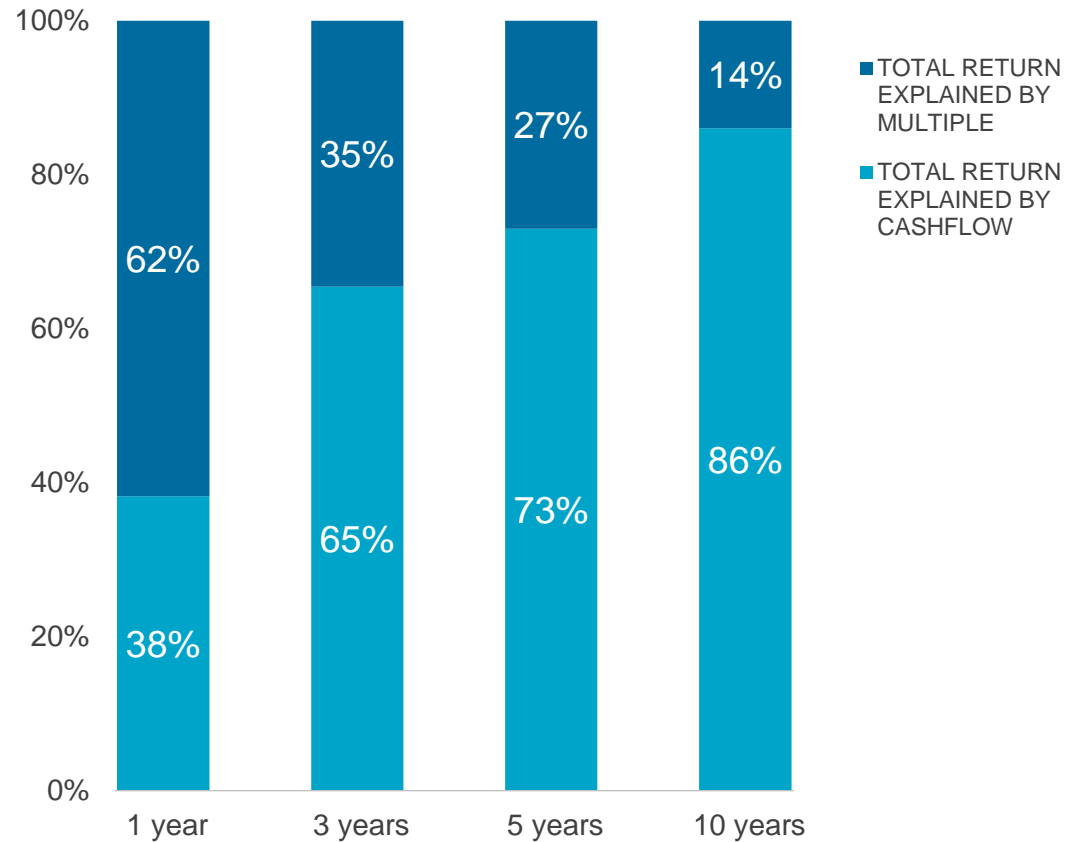
1. **Markets are inefficient** over the long term
2. **Exceptional companies** that create and grow economic wealth will be worth more in the long term
3. **ESG factors** help create and preserve value over the long run
4. We deliver better **risk adjusted returns** when constrained only by our beliefs

“We are patient, bottom-up, long term fundamental investors”

EXTRACTING ALPHA REQUIRES A LONG TERM APPROACH

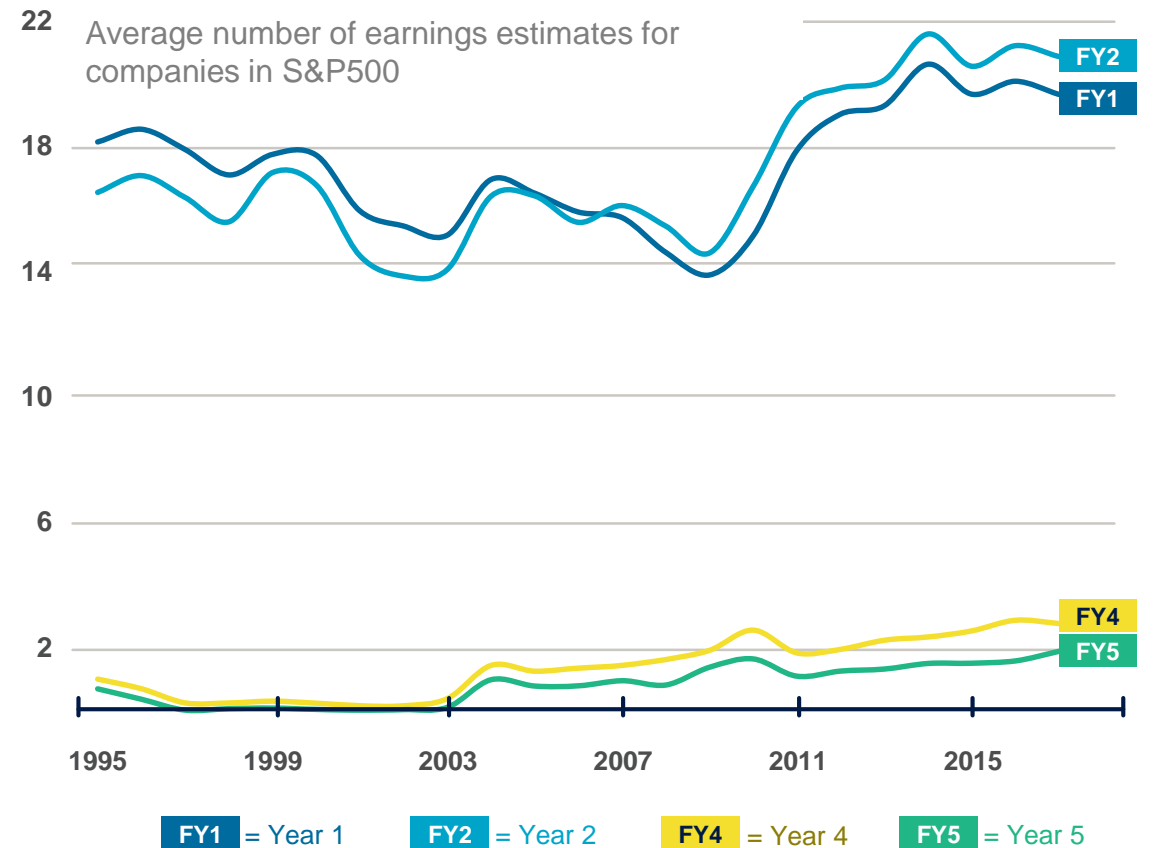
INVESTORS OVER EMPHASISE SHORT TERM EARNINGS & MULTIPLE CHANGES

Longer term performance driven by fundamentals (cashflows), not multiple changes



Source: Credit Suisse HOLT as of 23/8/2017 - Universe: S&P 500 Index Date range: Rolling 1, 3, 5, and 10 year periods from 31/12/1998 to 31/12/2016. Past performance is not a reliable indicator of future performance

And yet investors increasingly focus on the short term

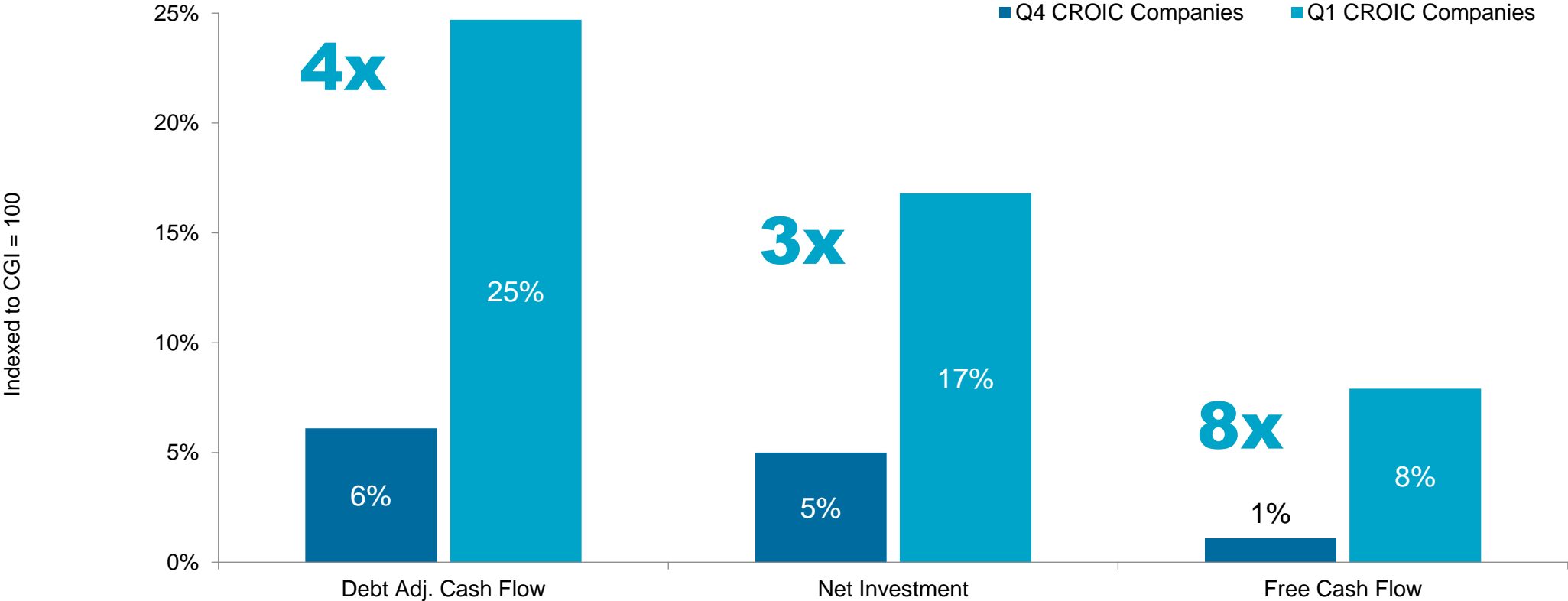


Source: Source: Goldman Sachs Sustain
Universe: DataStream Universe of ~4,000 companies globally

CASH FLOWS ARE THE TRUE SOURCE OF ALPHA

LONG TERM RETURNS ARE UNDERPINNED BY CASHFLOWS

Firms that can sustain top quartile returns can out invest bottom quartile firms by 3x and still generate 8x more free cashflow

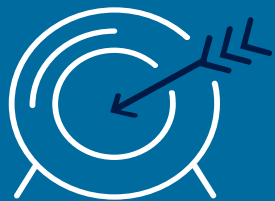


Source: Source: Goldman Sachs Sustain Universe: DataStream Universe of ~4,000 companies globally. Past performance is not a reliable indicator of future performance

ALPHA = SUPERIOR, RISK ADJUSTED COMPOUNDING OF CASHFLOWS OVER A MULTI-YEAR TIMEFRAME

Three Pillars

COMPETITIVE ADVANTAGE



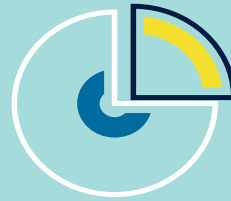
Superior, persistent and protected cash flows

RUNWAY FOR GROWTH



Enduring and non-cyclical growth tailwinds

CAPITAL ALLOCATION



Skill to reinvest & discipline to return cashflows

Our Aim:

DOUBLE DIGIT RETURNS

LOWER RISK OF CAPITAL LOSS

Discipline

CASHFLOW PREDICTABILITY

Narrow and identifiable range of outcomes

VALUATION PRUDENCE

Return hurdle obtained from fundamentals, not multiples

INTEGRATING ESG PRINCIPLES

- Companies that effectively manage their social, environmental and shareholder capital are less likely to destroy value over the long run.
- ESG is concerned with the sustainability and persistence of superior financial returns. It speaks to both risk and opportunity.

ENVIRONMENTAL & SOCIAL

- > We avoid companies where revenues and / or costs are overly exposed to risks relating to environmental or social issues (e.g. resource scarcity / poor labour practices).
- > We demand that any residual negative E&S exposure is both small and fully compensated for by higher returns.
- > We actively consider companies where revenues are positively exposed to trends arising from E&S (e.g. water efficiency / automation).

GOVERNANCE

We invest in companies where we have a high degree of confidence management are:

- > Strong stewards of shareholder capital (good capital allocators).
- > Long term thinkers with a focus on shareholder value (creation and preservation).
- > Culturally and financially aligned with shareholder value creation and preservation.
- > Ongoing communication and engagement with management.

SUPPORTED BY AMP CAPITAL'S RESPONSIBLE INVESTMENT PLATFORM

- > Dedicated resources to ESG research & integration
- > Internal proxy voting capability & external proxy advisor research
- > Thought leadership and vote disclosure
- > UNPRI signatory since 2007

Signatory of:



INTUITIVE SURGICAL INC

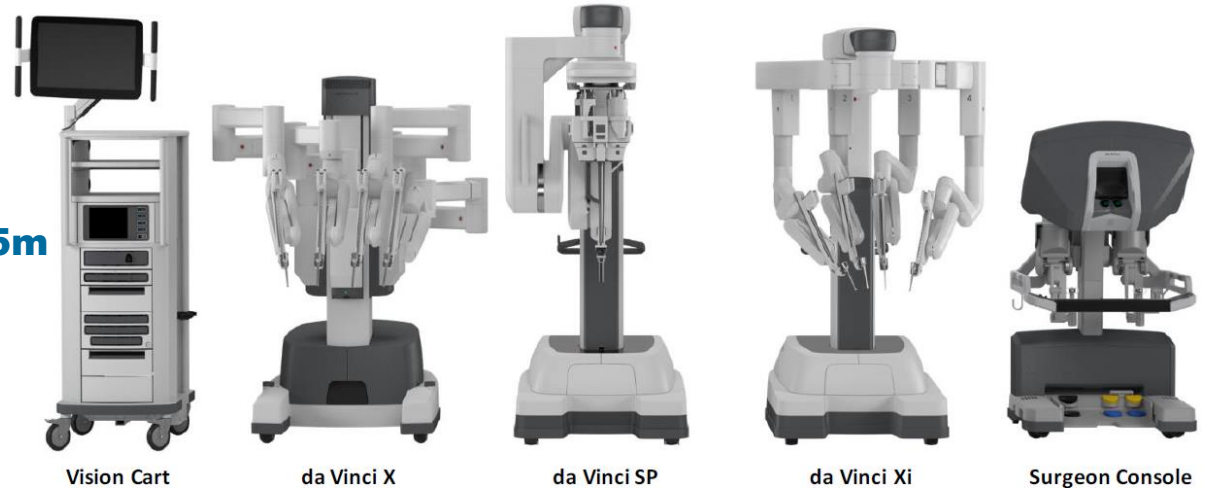
ON A MISSION TO DISRUPT SURGERY WITH A ROBOTIC-ASSISTED SURGERY PLATFORM.

WE BELIEVE ISRG OFFERS A COMPELLING VALUE PROPOSITION FOR PATIENTS, HOSPITALS, AND SURGEONS

TICKER:
NASDAQ: ISRG

MARKET CAP:
USD\$63bn as at 30 August 2018

SYSTEMS:
\$0.5m - \$2.5m
~30% Sales



INSTRUMENTS & ACCESSORIES:
\$700-3500 per procedure
~52% Sales



SERVICES:
\$80k-170k pa
~18% Sales



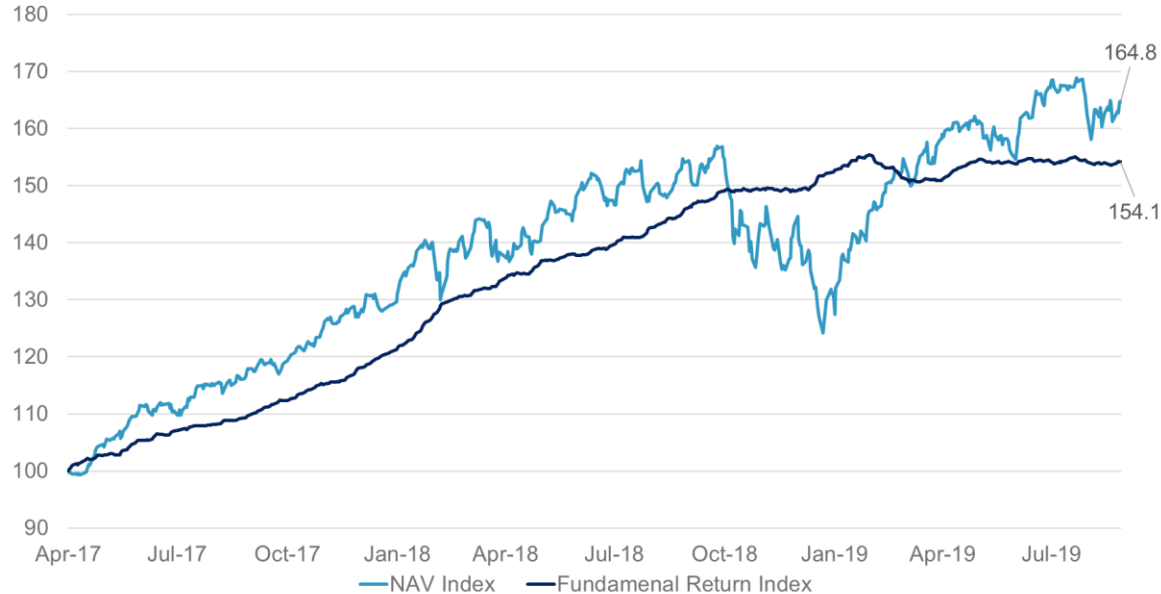
THE DA VINCI ROBOT IN ACTION!

GLOBAL COMPANIES FUND

RETURN DECOMPOSITION BY FUNDAMENTALS & MULTIPLES

Global Companies Fund

	NAV Return	Fundamental Contribution	Multiple Contribution
GCF Class I - USD (Net)	64.8%	54.1%	10.7%



MSCI World AC

	NAV Return	Fundamental Contribution	Multiple Contribution
MSCI World AC (USD)	19.5%	15.8%	3.7%



Past performance is not a reliable indicator of future performance. The Inception Date of the AMP Capital Global Companies Fund's Class I which is now available for investment, is 30 March 2017. Total returns are calculated using the net asset value per unit for the relevant month end. This price may differ from the actual unit price for an investor buying or selling an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns shown for the Global Companies Fund are after (net) the deduction of fees, are before tax and assume all distributions are reinvested. Whilst the actual performance of the Fund is based on net asset value which reflects the traded share prices of the Fund's underlying share portfolio, with the Fundamental Return Index we are seeking to show how the underlying fundamentals (being earnings and dividends) of the Fund's share portfolio have performed over the same period. Similarly, Fundamental Return Index for the MSCI World AC seeks to show how the underlying fundamentals of each company included in the MSCI World AC has performed over the same time period. Past performance is not a reliable indicator of future performance. Source: AMP Capital, Bloomberg to 31 August 2019.

IMPORTANT NOTE

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