

AMP CAPITAL SPECIALIST FUNDS

**DIRECTORS' REPORT AND FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**AMP Capital Funds Management Limited
33 Alfred Street,
Sydney, NSW 2000
ACN 159 557 721**

AMP CAPITAL SPECIALIST FUNDS

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AMP CAPITAL SPECIALIST FUNDS

DIRECTORS' REPORT

The Directors of AMP Capital Funds Management Limited (ABN 15 159 557 721), the "Responsible Entity" of the AMP Capital Specialist Funds (the "Schemes"), listed below, present their report together with the Financial Report of the Schemes for the financial year ended 31 December 2019.

Scheme Name	ARSN
AMP Capital Specialist Australian Share Fund	089 594 776
AMP Capital Specialist Australian Small Companies Fund	111 212 483
AMP Capital Specialist Diversified Fixed Income Fund	169 626 475
AMP Capital Specialist Geared Australian Share Fund	107 656 182
AMP Capital Specialist International Share (Hedged) Fund	107 655 854
AMP Capital Specialist International Share Fund	103 660 813
AMP Capital Specialist Property and Infrastructure Fund	112 619 539

Directors

The Directors of the Responsible Entity during the financial year and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise:

Ming Yen Long	Non-Executive Director	
Robert Victor McKinnon	Non-Executive Director	
John Patrick Moorhead	Executive Director	Resigned 2 June 2019
Peter Joseph Seymour Rowe	Non-Executive Director	
Adam Michael Tindall	Executive Director	
Adrian Arthur Williams	Executive Director	Appointed 3 June 2019

Scheme Information

The Schemes are Australian Registered Schemes. AMP Capital Funds Management Limited, the Responsible Entity of the Schemes, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at 33 Alfred Street, Sydney, NSW 2000.

Principal Activity

The principal activity of the Schemes is the investment of unitholders' funds in accordance with each Scheme's mandate. There has been no significant change in the nature of this activity during the financial year.

Review of Results and Operations

The performance of the Schemes as represented by the results of operations, was as follows:

	Net profit/(loss) attributable to unitholders after tax expenses and before finance costs		Distributions to unitholders paid and/or payable during the financial year	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$
AMP Capital Specialist Australian Share Fund	136,919,674	(31,299,949)	47,984,895	25,009,774
AMP Capital Specialist Australian Small Companies Fund	67,143,709	53,564	38,384,332	56,551,251
AMP Capital Specialist Diversified Fixed Income Fund	4,068,239	1,581,299	2,830,903	1,346,395
AMP Capital Specialist Geared Australian Share Fund	123,185,806	(36,043,573)	7,907,589	797,488
AMP Capital Specialist International Share (Hedged) Fund	44,823,530	(14,417,363)	692,879	231,074
AMP Capital Specialist International Share Fund	278,438,142	50,136,871	27,230,465	21,768,364
AMP Capital Specialist Property and Infrastructure Fund	89,377,021	(5,581,924)	4,954,162	9,439,208

AMP CAPITAL SPECIALIST FUNDS

DIRECTORS' REPORT (Continued)

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Schemes during the financial year ended 31 December 2019.

Significant Events After the Balance Date

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Schemes, the results of their operations or their state of affairs, which is not already reflected in the Financial Report.

Likely Developments and Expected Results

The investment strategy will be maintained in accordance with each Scheme's Constitution. Currently, there are no significant developments expected in respect of the Schemes. The performance of the Schemes in the future will be subject to movements in the underlying investment markets over time.

Environmental Regulation and Performance

The operations of the Schemes are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Relevant Information

Following is a list of relevant information required under the Corporations Act:

- Fees paid to the Responsible Entity - refer to Note 9 to the Financial Statements
- Units held by the Responsible Entity in the Schemes - refer to Note 9 to the Financial Statements
- Units issued in the Schemes during the financial year - refer to Note 7 to the Financial Statements
- Units withdrawn from the Schemes during the financial year - refer to Note 7 to the Financial Statements
- The value of the Schemes' assets and basis of valuation - refer to the Statements of Financial Position and Note 1 respectively
- The number of units in the Schemes as at 31 December 2019 - refer to Note 7 to the Financial Statements
- Distributions payable to unitholders at the balance date - refer to the Statements of Financial Position

These notes have been presented in accordance with ASIC Corporations (Directors' Report Relief) Instrument 2016/188.

Indemnification and Insurance of Directors and Officers

Under its constitution, AMP Capital Funds Management Limited (the Company) indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Company. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by or on behalf of the AMP Limited (the Company's ultimate parent company) Board.

During, and since the end of, the financial year ended 31 December 2019, AMP Limited maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Company) against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

In addition, AMP Group Holdings Limited ("AMPGH") and current and former directors and secretaries of the Company are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- those officers will have access to board papers and specified records of the Company (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);

- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary (and, in the case of directors, as a current or former officer or specified representative) of the Company, or of another AMP group company or, in certain cases, of an external company (where the person holds the relevant external position at the AMP group's request); and
- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

During or since the end of the financial year ended 31 December 2019, no payments have been made by the Company to an existing or former officer under an indemnity.

AMP CAPITAL SPECIALIST FUNDS

DIRECTORS' REPORT (Continued)

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, a copy of which is attached to this report and forms part of the Directors' Report for the financial year ended 31 December 2019.

Related Scheme Reports

ASIC Corporations (Related Scheme Reports) Instrument 2015/839 allows the Financial Statements and the Directors' Report of related registered schemes to be presented in a single Financial Report. This Financial Report has been prepared in accordance with this relief.

Rounding

The amounts contained in the Directors' Report and the Financial Report have been rounded under the option available to the Schemes under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Schemes are entities to which the instrument applies and, in accordance with the instrument, amounts in the Directors' Report and the Financial Report have been rounded to the nearest dollar (where rounding is appropriate).

Signed in accordance with a resolution of the Directors:



Director
12 March 2020, Sydney



Building a better
working world

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Auditor's Independence Declaration to the Directors of AMP Capital Funds Management Limited

For the following AMP Capital Specialist Funds (the "Schemes"):

- ▶ AMP Capital Specialist Australian Share Fund
- ▶ AMP Capital Specialist Australian Small Companies Fund
- ▶ AMP Capital Specialist Diversified Fixed Income Fund
- ▶ AMP Capital Specialist Geared Australian Share Fund
- ▶ AMP Capital Specialist International Share (Hedged) Fund
- ▶ AMP Capital Specialist International Share Fund
- ▶ AMP Capital Specialist Property and Infrastructure Fund

As lead auditor for the audits of the financial reports of the above Schemes for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Mark Jones
Partner
12 March 2020

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Notes	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$	\$	\$	\$	\$
INVESTMENT INCOME									
Dividends		20,979,351	25,313,248	6,611,029	7,107,057	-	-	21,206,672	18,779,345
Distributions		6,902,901	7,201,825	532,091	634,025	3,029,767	1,593,108	9,557,232	20,685,372
Interest income from financial assets measured at amortised cost		142,574	180,462	183,802	318,649	5,127	13,042	583,185	1,016,266
Net foreign exchange gain/(loss) on cash and cash equivalents		-	-	-	-	-	-	(1,849)	1,690
Net changes in the fair value of financial instruments measured at fair value through profit or loss		109,305,777	(62,788,992)	62,330,365	(5,730,764)	1,341,959	242,101	100,464,852	(68,904,238)
Securities lending income		15,524	51,354	245,037	482,898	-	-	-	2,016
Other income		913,519	30,270	110,507	28,264	19,920	-	67,200	10,763
Total investment income/(loss)		138,259,646	(30,011,833)	70,012,831	2,840,129	4,396,773	1,848,251	131,877,292	(28,408,786)
EXPENSES									
Interest expense		(8,883)	-	-	-	-	-	-	-
Responsible entity fees	9(c)	(262,344)	(269,440)	(364,018)	(365,852)	(275,302)	(262,080)	(6,353,431)	(6,080,834)
Performance fees		-	(259,748)	(1,264,548)	(1,014,799)	-	-	(82,643)	-
Custody fees		(18,579)	(44,981)	(20,145)	(24,687)	(37,588)	(3,644)	(117,313)	(9,599)
Transaction costs		(618,031)	(632,597)	(1,031,597)	(1,166,300)	-	-	(1,205,938)	(576,007)
Undrawn commitment fees		-	-	-	-	-	-	(449,117)	(250,690)
Securities lending fees - agent		(3,890)	(15,791)	(66,091)	(140,561)	-	-	-	(620)
Securities lending fees - service provider	9(c)	(1,591)	(5,264)	(25,116)	(46,854)	-	-	-	(206)
Administration fees	9(c)	-	-	-	-	-	-	(411,400)	(198,000)
Other expenses		(374,709)	(6,120)	(3,116)	-	(14,722)	-	(55,664)	(512,127)
Total expenses		(1,288,027)	(1,233,941)	(2,774,631)	(2,759,053)	(327,612)	(265,724)	(8,675,506)	(7,628,083)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE TAX EXPENSES AND FINANCE COSTS									
		136,971,619	(31,245,774)	67,238,200	81,076	4,069,161	1,582,527	123,201,786	(36,036,869)
Withholding tax expense		(51,945)	(54,175)	(94,491)	(27,512)	(922)	(1,228)	(15,980)	(6,704)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX EXPENSES AND BEFORE FINANCE COSTS									
		136,919,674	(31,299,949)	67,143,709	53,564	4,068,239	1,581,299	123,185,806	(36,043,573)
Borrowings interest expense		-	-	-	-	-	-	(8,388,732)	(8,948,539)
Finance costs attributable to unitholders									
Distributions to unitholders		(47,984,895)	(25,009,774)	(38,384,332)	(56,551,251)	(2,830,903)	(1,346,395)	(7,907,589)	(797,488)
(Increase)/decrease in net assets attributable to unitholders		(88,934,779)	56,309,723	(28,759,377)	56,497,687	(1,237,336)	(234,904)	(106,889,485)	45,789,600
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX EXPENSES AND FINANCE COSTS									
		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-	-	-	-	-	-	-

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Notes	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$	\$	\$
INVESTMENT INCOME							
Dividends		-	-	20,564,286	25,012,818	733,019	1,048,126
Distributions		6,533,629	3,936,730	3,207,400	5,810,809	12,483,234	14,983,186
Interest income from financial assets measured at amortised cost		15,551	33,345	620,291	1,039,453	48,874	61,325
Net foreign exchange gain/(loss) on cash and cash equivalents		-	-	(3,383,518)	3,561,517	(11,111)	16,801
Net changes in the fair value of financial instruments measured at fair value through profit or loss		39,890,512	(17,010,142)	263,719,600	22,375,864	77,419,083	(20,179,959)
Securities lending income		-	-	82,350	43,796	3,917	1,141
Other income		-	-	923,562	302,668	95,694	2,746
Total investment income/(loss)		<u>46,439,692</u>	<u>(13,040,067)</u>	<u>285,733,971</u>	<u>58,146,925</u>	<u>90,772,710</u>	<u>(4,066,634)</u>
EXPENSES							
Interest expense		(395)	(6,922)	(663)	-	-	-
Responsible entity fees	9(c)	(753,338)	(746,536)	(767,898)	(331,571)	(597,835)	(443,647)
Performance fees		-	-	(2,657,799)	(3,235,089)	-	-
Custody fees		(77,775)	(29,934)	(309,609)	-	(55,838)	(11,171)
Transaction costs		-	-	(561,042)	(673,928)	(149,023)	(146,627)
Undrawn commitment fees		-	-	-	-	-	-
Securities lending fees - agent		-	-	(22,457)	(13,139)	(1,029)	(342)
Securities lending fees - service provider	9(c)	-	-	(8,235)	(4,380)	(392)	(114)
Administration fees	9(c)	-	-	-	-	-	-
Other expenses		-	-	(286,324)	(380,649)	(12,291)	(31,030)
Total expenses		<u>(831,508)</u>	<u>(783,392)</u>	<u>(4,614,027)</u>	<u>(4,638,756)</u>	<u>(816,408)</u>	<u>(632,931)</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE TAX EXPENSES AND FINANCE COSTS							
		45,608,184	(13,823,459)	281,119,944	53,508,169	89,956,302	(4,699,565)
Withholding tax expense		(784,654)	(593,904)	(2,681,802)	(3,371,298)	(579,281)	(882,359)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX EXPENSES AND BEFORE FINANCE COSTS							
		44,823,530	(14,417,363)	278,438,142	50,136,871	89,377,021	(5,581,924)
Borrowings interest expense		-	-	-	-	-	-
Finance costs attributable to unitholders							
Distributions to unitholders		(692,879)	(231,074)	(27,230,465)	(21,768,364)	(4,954,162)	(9,439,208)
(Increase)/decrease in net assets attributable to unitholders		(44,130,651)	14,648,437	(251,207,677)	(28,368,507)	(84,422,859)	15,021,132
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER TAX EXPENSES AND FINANCE COSTS							
		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$	\$	\$	\$	\$
ASSETS									
Cash and cash equivalents		17,105,991	19,367,760	17,294,246	17,278,002	617,494	159,628	5,612,166	19,130,141
Broker deposits		542,430	389,250	45,548	364,946	-	-	418,842	390,732
Receivables	3	1,834,786	4,209,171	276,211	781,349	341,212	179,869	2,310,648	3,955,315
Financial assets measured at fair value through profit or loss									
Listed securities		457,450,282	400,932,624	307,951,841	204,245,959	-	-	617,516,664	448,016,784
Listed securities on loan		-	865,093	27,202,618	14,268,938	-	-	-	-
Derivative financial instruments		-	8,638	-	16,950	-	-	-	25,278
Unlisted managed investment funds		188,505,331	179,304,561	-	-	58,694,041	60,928,773	99,081,234	94,365,785
TOTAL ASSETS		665,438,820	605,077,097	352,770,464	236,956,144	59,652,747	61,268,270	724,939,554	565,884,035
LIABILITIES									
Bank overdraft		-	-	-	-	-	-	-	-
Payables	5	236,265	1,050,939	828,263	364,453	63,258	126,348	653,298	2,950,532
Distributions payable		9,146,570	13,107,411	3,330,661	3,299,625	507,536	222,152	-	-
Provisions	6	-	-	240,832	236,424	-	-	82,643	-
Borrowings	4	-	-	-	-	-	-	395,442,535	295,455,293
Financial liabilities measured at fair value through profit or loss									
Derivative financial instruments		291,123	12,567	-	-	-	-	86,148	-
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		9,673,958	14,170,917	4,399,756	3,900,502	570,794	348,500	396,264,624	298,405,825
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		655,764,862	590,906,180	348,370,708	233,055,642	59,081,953	60,919,770	328,674,930	267,478,210

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$	\$	\$	\$	\$	\$
ASSETS							
Cash and cash equivalents		-	-	36,150,926	73,910,396	2,530,790	2,847,479
Broker deposits		-	990,000	297,637	1,766,461	-	-
Receivables	3	2,148,650	874,298	5,509,899	9,851,254	2,807,481	1,435,001
Financial assets measured at fair value through profit or loss							
Listed securities		-	-	805,530,172	1,123,802,568	121,282,159	118,772,476
Listed securities on loan		-	-	38,626,063	11,101,306	6,941,323	3,330,672
Derivative financial instruments		6,383,670	12,770	426,619	604,274	2,490,982	53,946
Unlisted managed investment funds		197,806,061	201,104,002	181,706,383	225,754,431	254,013,333	248,480,062
TOTAL ASSETS		<u>206,338,381</u>	<u>202,981,070</u>	<u>1,068,247,699</u>	<u>1,446,790,690</u>	<u>390,066,068</u>	<u>374,919,636</u>
LIABILITIES							
Bank overdraft		565,603	97,139	-	-	-	-
Payables	5	121,164	104,221	7,697,743	15,268,067	291,626	105,998
Distributions payable		253,014	231,074	6,448,540	5,581,491	1,857,466	488,507
Provisions	6	-	-	-	1,594,567	-	-
Borrowings	4	-	-	-	-	-	-
Financial liabilities measured at fair value through profit or loss							
Derivative financial instruments		42,964	8,579,929	677,142	564,850	12,102	3,126,138
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		<u>982,745</u>	<u>9,012,363</u>	<u>14,823,425</u>	<u>23,008,975</u>	<u>2,161,194</u>	<u>3,720,643</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY		<u>205,355,636</u>	<u>193,968,707</u>	<u>1,053,424,274</u>	<u>1,423,781,715</u>	<u>387,904,874</u>	<u>371,198,993</u>

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the financial year - Liability	590,906,180	666,789,436	233,055,642	363,852,820	60,919,770	54,731,490	267,478,210	326,249,751
Applications	25,553,203	26,496,164	198,199,460	18,167,383	13,248,026	16,299,931	10,399,235	19,968,715
Distributions to unitholders reinvested	46,513,942	20,943,270	36,563,766	53,878,215	1,187,807	703,443	7,547,447	775,797
Redemptions	<u>(96,143,242)</u>	<u>(67,012,967)</u>	<u>(148,207,537)</u>	<u>(146,345,089)</u>	<u>(17,510,986)</u>	<u>(11,049,998)</u>	<u>(63,639,447)</u>	<u>(33,726,453)</u>
	566,830,083	647,215,903	319,611,331	289,553,329	57,844,617	60,684,866	221,785,445	313,267,810
Increase/(decrease) in net assets attributable to unitholders	88,934,779	(56,309,723)	28,759,377	(56,497,687)	1,237,336	234,904	106,889,485	(45,789,600)
Balance at the end of the financial year - Liability	<u>655,764,862</u>	<u>590,906,180</u>	<u>348,370,708</u>	<u>233,055,642</u>	<u>59,081,953</u>	<u>60,919,770</u>	<u>328,674,930</u>	<u>267,478,210</u>

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the financial year - Liability	193,968,707	246,664,157	1,423,781,715	1,550,224,063	371,198,993	439,640,163
Applications	5,269,756	12,119,403	13,192,839	51,731,844	9,604,025	10,979,516
Distributions to unitholders reinvested	670,939	-	25,589,995	22,296,095	3,507,186	10,134,197
Redemptions	<u>(38,684,417)</u>	<u>(50,166,416)</u>	<u>(660,347,952)</u>	<u>(228,838,794)</u>	<u>(80,828,189)</u>	<u>(74,533,751)</u>
	161,224,985	208,617,144	802,216,597	1,395,413,208	303,482,015	386,220,125
Increase/(decrease) in net assets attributable to unitholders	<u>44,130,651</u>	<u>(14,648,437)</u>	<u>251,207,677</u>	<u>28,368,507</u>	<u>84,422,859</u>	<u>(15,021,132)</u>
Balance at the end of the financial year - Liability	<u><u>205,355,636</u></u>	<u><u>193,968,707</u></u>	<u><u>1,053,424,274</u></u>	<u><u>1,423,781,715</u></u>	<u><u>387,904,874</u></u>	<u><u>371,198,993</u></u>

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Notes	\$	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES						
Proceeds from sales of financial instruments measured at fair value through profit or loss	476,660,193	228,543,763	384,101,428	409,566,656	8,495,000	2,550,000
Payments for purchases of financial instruments measured at fair value through profit or loss	(424,262,700)	(209,529,600)	(301,121,961)	(288,529,882)	(2,050,001)	(7,530,000)
Broker deposits received/(advanced)	(153,180)	(316,626)	319,398	(252,038)	-	-
Dividends received	20,811,943	24,517,918	6,412,272	6,953,445	-	-
Distributions received	1,050,247	1,094,749	462,288	884,818	922	1,228
Interest income received	153,527	183,274	186,476	322,889	5,127	13,046
Interest expense paid	(157)	-	-	-	-	-
GST received/(paid)	6,633	(2,139)	17,408	(38,259)	(744)	(470)
Securities lending income received	15,524	51,354	245,037	482,898	-	-
Other income received	898,544	30,270	352,668	28,264	19,920	-
Responsible entity fees paid	(266,900)	(257,731)	(364,882)	(362,201)	(274,444)	(258,988)
Custody fees paid	(44,719)	(46,804)	(32,075)	(40,000)	(27,908)	(3,936)
Performance fees paid	-	(259,748)	(1,260,140)	(1,185,600)	-	-
Withholding tax paid	(51,945)	(54,175)	(94,491)	(27,512)	(922)	(1,228)
Transaction costs paid	(622,183)	(628,609)	(1,032,455)	(1,167,222)	-	-
Securities lending fees paid - agent	(3,890)	(15,791)	(66,091)	(140,561)	-	-
Securities lending fees paid - service provider	(1,591)	(5,264)	(25,116)	(46,854)	-	-
Undrawn commitment fees paid	-	-	-	-	-	-
Administration fees paid	-	-	-	-	-	-
Other expenses paid	(374,709)	(6,120)	(3,116)	-	(14,722)	-
Net cash inflow/(outflow) from operating activities	8(a) <u>73,814,637</u>	<u>43,298,721</u>	<u>88,096,648</u>	<u>126,448,841</u>	<u>6,152,228</u>	<u>(5,230,348)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from applications by unitholders	25,537,082	26,478,981	61,346,075	18,166,582	13,247,964	16,299,134
Payments for redemptions by unitholders	(96,181,694)	(66,928,171)	(147,636,949)	(146,280,966)	(17,584,614)	(11,042,810)
Distributions paid to unitholders	(5,431,794)	(1,824,462)	(1,789,530)	(2,809,004)	(1,357,712)	(601,189)
Proceeds from/(repayments of) borrowings	-	-	-	-	-	-
Borrowings interest expense paid	-	-	-	-	-	-
Net cash inflow/(outflow) from financing activities	<u>(76,076,406)</u>	<u>(42,273,652)</u>	<u>(88,080,404)</u>	<u>(130,923,388)</u>	<u>(5,694,362)</u>	<u>4,655,135</u>
Net increase/(decrease) in cash and cash equivalents held	(2,261,769)	1,025,069	16,244	(4,474,547)	457,866	(575,213)
Cash and cash equivalents at the beginning of the financial year	19,367,760	18,342,691	17,278,002	21,752,549	159,628	734,841
Net foreign exchange gain/(loss) on cash and cash equivalents	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*	<u>17,105,991</u>	<u>19,367,760</u>	<u>17,294,246</u>	<u>17,278,002</u>	<u>617,494</u>	<u>159,628</u>

*Cash and cash equivalents include investments in unlisted cash trusts. Further details are disclosed in Note 1(i) Cash and Cash Equivalents and Note 9(b)(i) Related party holdings.

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	AMP Capital Specialist Geared Australian Share Fund		AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund	
	31 December	31 December	31 December	31 December	31 December	31 December
	2019	2018	2019	2018	2019	2018
Notes	\$	\$	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES						
Proceeds from sales of financial instruments measured at fair value through profit or loss	670,464,744	266,778,729	35,754,225	58,821,100	1,194,413,273	1,340,860,926
Payments for purchases of financial instruments measured at fair value through profit or loss	(736,921,847)	(313,236,909)	(3,000,000)	(19,999,594)	(880,976,652)	(1,169,861,104)
Broker deposits received/(advanced)	(28,110)	1,144,228	990,000	(5,000,000)	1,468,824	(1,612,569)
Dividends received	21,235,247	18,814,266	-	-	20,604,789	24,872,756
Distributions received	1,556,663	1,658,840	784,655	593,904	637,641	669,171
Interest income received	584,830	1,018,680	16,053	32,843	705,466	969,743
Interest expense paid	-	-	(395)	(9,386)	(663)	-
GST received/(paid)	(16,735)	34,395	891	(6,047)	62,729	(96,950)
Securities lending income received	-	2,016	-	-	82,350	43,796
Other income received	67,200	10,763	-	-	2,147,960	302,668
Responsible entity fees paid	(6,234,283)	(6,101,182)	(744,935)	(744,982)	(724,421)	(298,255)
Custody fees paid	(92,398)	(23,702)	(73,302)	(34,996)	(449,197)	(226,230)
Performance fees paid	-	-	-	-	(4,252,366)	(2,996,091)
Withholding tax paid	(15,980)	(6,704)	(784,654)	(593,904)	(3,033,998)	(3,669,394)
Transaction costs paid	(1,209,067)	(574,805)	-	-	(565,337)	(668,789)
Securities lending fees paid - agent	-	(620)	-	-	(22,457)	(13,139)
Securities lending fees paid - service provider	-	(206)	-	-	(8,235)	(4,380)
Undrawn commitment fees paid	(449,117)	(250,690)	-	-	-	-
Administration fees paid	(411,400)	(198,000)	-	-	-	-
Other expenses paid	(55,664)	(512,127)	-	-	(286,324)	(380,649)
Net cash inflow/(outflow) from operating activities	8(a) <u>(51,525,917)</u>	<u>(31,443,028)</u>	<u>32,942,538</u>	<u>33,058,938</u>	<u>329,803,382</u>	<u>187,891,510</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from applications by unitholders	10,400,606	19,968,912	5,269,348	12,120,685	13,192,671	51,728,955
Payments for redemptions by unitholders	(63,629,183)	(33,763,237)	(38,680,350)	(50,221,771)	(376,598,584)	(228,815,408)
Distributions paid to unitholders	(360,142)	(21,691)	-	-	(773,421)	(250,273)
Proceeds from/(repayments of) borrowings	100,000,000	10,000,000	-	-	-	-
Borrowings interest expense paid	(8,401,490)	(9,272,959)	-	-	-	-
Net cash inflow/(outflow) from financing activities	<u>38,009,791</u>	<u>(13,088,975)</u>	<u>(33,411,002)</u>	<u>(38,101,086)</u>	<u>(364,179,334)</u>	<u>(177,336,726)</u>
Net increase/(decrease) in cash and cash equivalents held	(13,516,126)	(44,532,003)	(468,464)	(5,042,148)	(34,375,952)	10,554,784
Cash and cash equivalents at the beginning of the financial year	19,130,141	63,660,454	(97,139)	4,945,009	73,910,396	59,794,095
Net foreign exchange gain/(loss) on cash and cash equivalents	(1,849)	1,690	-	-	(3,383,518)	3,561,517
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*	<u>5,612,166</u>	<u>19,130,141</u>	<u>(565,603)</u>	<u>(97,139)</u>	<u>36,150,926</u>	<u>73,910,396</u>

*Cash and cash equivalents include investments in unlisted cash trusts. Further details are disclosed in Note 1(i) Cash and Cash Equivalents and Note 9(b)(i) Related party holdings.

AMP CAPITAL SPECIALIST FUNDS

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019	31 December 2018
Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sales of financial instruments measured at fair value through profit or loss	144,615,908	117,674,466
Payments for purchases of financial instruments measured at fair value through profit or loss	(83,836,271)	(67,093,691)
Broker deposits received/(advanced)	-	(1,460,058)
Dividends received	601,042	891,743
Distributions received	10,764,627	14,987,774
Interest income received	49,234	62,124
Interest expense paid	-	-
GST received/(paid)	(779)	(452)
Securities lending income received	3,917	1,141
Other income received	92,736	2,746
Responsible entity fees paid	(572,907)	(457,793)
Custody fees paid	(55,838)	(57,882)
Performance fees paid	-	-
Withholding tax paid	(584,035)	(880,639)
Transaction costs paid	(149,016)	(146,554)
Securities lending fees paid - agent	(1,029)	(342)
Securities lending fees paid - service provider	(392)	(114)
Undrawn commitment fees paid	-	-
Administration fees paid	-	-
Other expenses paid	(12,291)	(31,030)
Net cash inflow/(outflow) from operating activities	<u>8(a) 70,914,906</u>	<u>63,491,439</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from applications by unitholders	9,605,410	10,981,354
Payments for redemptions by unitholders	(80,747,877)	(74,603,339)
Distributions paid to unitholders	(78,017)	(418,072)
Proceeds from/(repayments of) borrowings	-	-
Borrowings interest expense paid	-	-
Net cash inflow/(outflow) from financing activities	<u>(71,220,484)</u>	<u>(64,040,057)</u>
Net increase/(decrease) in cash and cash equivalents held	(305,578)	(548,618)
Cash and cash equivalents at the beginning of the financial year	2,847,479	3,379,296
Net foreign exchange gain/(loss) on cash and cash equivalents	(11,111)	16,801
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*	<u>2,530,790</u>	<u>2,847,479</u>

*Cash and cash equivalents include investments in unlisted cash trusts. Further details are disclosed in Note 1(i) Cash and Cash Equivalents and Note 9(b)(i) Related party holdings.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Basis of Preparation

This general purpose Financial Report has been prepared in accordance with each Scheme's Constitution and with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act. The Schemes are for-profit entities for the purposes of preparing Financial Statements. The Financial Report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The assets and liabilities are measured on a fair value basis, except where otherwise stated.

The Statements of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Schemes' assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders. Given the nature of the Schemes, a reasonable estimate cannot be made of the amount of the balances that are unlikely to be settled within 12 months.

Changes in Australian Accounting Standards

The Schemes have adopted all mandatory standards and amendments for the financial year beginning 1 January 2019. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Schemes.

Australian Accounting Standards issued but not yet effective

There are no standards or amendments issued but not yet effective that are expected to have a material impact on the Schemes.

(b) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Schemes become a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

The Responsible Entity classifies the Schemes' financial instruments based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Schemes' portfolio of financial assets is managed, and their performance are evaluated, on a fair value basis in accordance with the Schemes' documented investment strategy. The Schemes use fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies.

The valuation processes applied in valuing financial instruments measured at fair value through profit or loss are governed by the AMP Capital Holdings Limited Asset Valuation policy which has been adopted by the Responsible Entity. This Policy outlines the valuation methodologies and processes applied to measure such financial instruments.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Assets Measured at Fair Value Through Profit or Loss (continued)

Equity securities and unlisted managed investments schemes are measured at fair value through profit or loss.

Financial assets are initially measured at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statements of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statements of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Securities on Loan

Certain Schemes participate in a securities lending program. The securities of the participating Schemes may be lent to approved borrowers, such as brokers and other financial institutions. The borrower lodges collateral against the securities lent either in the form of cash or approved securities.

During the term of the loan, the Schemes remain entitled to all dividends, distributions and interest income and retains all voting rights, where applicable, in respect of the loaned securities. Securities lent may be recalled and are required to be returned within the normal settlement periods applicable to the securities.

Listed securities

Listed securities include investments in listed managed investment funds and shareholdings in listed companies. The fair value of listed securities is the "bid" price of those securities, as quoted on their primary exchange at the balance date. If any listed securities are suspended from the relevant exchange at balance date, fair value is determined by reference to the last traded price, unless it is determined that another valuation basis is more appropriate.

Certain listed securities are on loan. The listed securities continue to be recognised in the Statements of Financial Position as the contractual rights to cash flows and the ability to dispose of the securities are retained by the Schemes.

The fair value of the loaned listed securities remains the "bid" price of those securities as quoted on their primary exchange at the balance date.

Unlisted managed investment funds

The fair value of unlisted managed investment funds is the redemption price of those securities at the balance date.

(d) Derivative Financial Instruments

Derivative financial instruments are held for trading and are measured at fair value through profit or loss. The Schemes do not designate any derivatives as a hedging instrument for hedge accounting purposes. Derivative financial instruments are initially measured at fair value exclusive of any transaction costs on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Transaction costs are expensed as incurred in the Statements of Comprehensive Income.

Derivative financial instruments are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Any changes in the fair value of derivative financial instruments are recognised in the Statements of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Where the Schemes' derivative assets and liabilities are traded on an exchange, their fair value is determined by reference to quoted market prices or binding dealer quotations at the balance date.

Where the Schemes' derivative assets and liabilities are not traded on an exchange, their fair value is determined by reference to counterparty valuations or by the Investment Manager.

The valuation processes applied in valuing financial instruments measured at fair value through profit or loss are governed by the AMP Capital Holdings Limited Asset Valuation policy which has been adopted by the Responsible Entity. This Policy outlines the valuation methodologies and processes applied to measure such financial instruments.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Derivative Financial Instruments (continued)

Futures contracts

Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The fair value of equity and interest rate futures contracts is the last quoted sale price on the relevant futures exchange at the balance date.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price.

The fair value of exchange traded options is the market margin price of the security, as quoted on its primary exchange at the balance date.

Forward foreign exchange contracts

Forward currency contracts are agreements to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. The fair value of forward foreign exchange contracts is determined by reference to currency exchange rates available from market observable sources at the balance date.

Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. The fair value of warrants is the "bid" price of the security, as quoted on its primary exchange at the balance date.

(e) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Schemes' investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 1(c), 1(d) and 10(d).

Assessment of Schemes' investments as structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Schemes.

The Responsible Entity has assessed whether the managed investment funds in which the Schemes invest in should be classified as structured entities. The Responsible Entity has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Responsible Entity has concluded on whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

As voting rights or similar rights are the dominant factor in deciding who controls the funds, the Responsible Entity has concluded that the managed investment funds in which the Schemes invest in are not structured entities.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investment Income

The following specific recognition criteria must be met before income is recognised:

Dividend income

Dividends are recognised as income on the date the share is quoted ex-dividend with any related foreign withholding tax recognised as a tax expense.

Distribution income

Distributions from unlisted managed investment funds are recognised as income on the date the unit is quoted ex-distribution with any related foreign withholding tax recognised as a tax expense.

Distributions from listed managed investment funds are recognised as income on the date the unit is quoted ex-distribution with any related foreign withholding tax recognised as a tax expense.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

Interest income from financial assets measured at amortised cost

Interest income from financial assets measured at amortised cost is earned on cash and cash equivalents and is recognised on an accrual basis.

Securities lending income

Securities lending income as part of a securities lending program that the Schemes participate in is recognised on an accrual basis with any related expenses recognised as security lending fees.

(g) Expenses

Expenses are recognised in the Statements of Comprehensive Income on an accrual basis.

(h) Broker Deposits

Broker deposits comprise cash held with brokers as collateral for derivative transactions.

(i) Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include investments in unlisted cash trusts (including related party holdings - refer to Note 9(b)(i)), which are readily convertible to cash on hand at the Responsible Entity's option and which the Responsible Entity uses in its day to day management of the Schemes' cash requirements.

Bank overdrafts are shown separately in the Statements of Financial Position.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at amortised cost and are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their carrying amounts approximate their fair values.

Impairment

The Schemes record expected credit losses (ECLs) on all of its receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Schemes to credit risk, no material ECL has been recognised. The Schemes only hold receivables with no financing component and that have maturities of less than 12 months.

(k) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Schemes. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables, their nominal amounts approximate their fair values.

(l) Provisions

Provisions are liabilities of uncertain timing or amounts. Performance fees payable by the Schemes are recognised as a provision as the amount reflected in the Statements of Financial Position is a reliable estimate, based on current calculations, of the final amount payable.

(m) Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method.

(n) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") tax regime, applying to Managed Investment Trusts was enacted under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. In order to allow the Schemes to elect into the AMIT tax regime, each Scheme's Constitution has been amended and other conditions required to adopt the AMIT tax regime have also been met effective from 31 December 2018. Adopting the AMIT tax regime removes the Responsible Entity's contractual obligation to distribute trust income to unitholders. As the units on issue comprise multiple classes of units with non-identical features, the Schemes' net assets attributable to unitholders cannot be classified as equity; and therefore, have continued to be classified as liabilities in accordance with AASB 132 Financial Instruments: Presentation. As there are no equity holders, total comprehensive income and equity for the Schemes are nil.

The fair value of units requested to be redeemed is measured at the redemption amount that would be payable (based on the exit unit price) at the balance date. Each Scheme's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders. Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interest of the unitholders.

(o) Taxation

Under tax legislation, the Schemes are generally not liable to pay income tax because the AMIT tax regime now applies and unitholders are attributed the income of each Scheme.

The Schemes currently incur withholding tax imposed by certain countries on investment income. Such income is recognised gross of withholding tax in the Statements of Comprehensive Income and the withholding tax is recognised as a tax expense.

(p) Distributions to Unitholders

Distributions are presented in the Statements of Comprehensive Income as finance costs attributable to unitholders. Adopting the AMIT tax regime removes the Responsible Entity's contractual obligation to distribute trust income to unitholders.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Schemes, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statements of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

(r) Terms and Conditions of Units on Issue

The Schemes contain multiple unit classes. Each unit, within a unit class, confers upon the unitholder an equal interest in the Schemes (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Schemes.

Unitholders have various rights under each Scheme's Constitution and the Corporations Act, which, subject to certain terms and conditions, include the right to:

- have their units redeemed
- attend and vote at meetings of unitholders
- participate in the termination and winding up of the Schemes.

The rights, obligations and restrictions attached to each unitholder class are identical in all respects other than the minimum investment requirements and/or fee structures applicable to each class. These terms are detailed in each Scheme's Constitution and other governing documents, as applicable.

Issued and paid up units are initially recognised at the fair value of the consideration received by the Schemes. Applications received for units in the Schemes are recognised net of any transaction costs arising on the issue of units in the Schemes. Redemptions from the Schemes are recognised gross of any transaction costs payable relating to the cancellation of units redeemed. Unit entry and exit prices are determined in accordance with each Scheme's Constitution.

(s) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Statements of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

(t) Rounding

The amounts in the Financial Report have been rounded to the nearest dollar, under the option available to the Schemes under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 2: AUDITORS' REMUNERATION

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Amounts paid or payable to the auditors of the Schemes:								
Ernst & Young - audit and review of the Financial Statements	14,850	14,560	14,850	14,560	9,550	9,360	23,350	22,890
Ernst & Young - audit of compliance plan	2,008	1,240	2,008	1,240	2,008	1,240	2,008	1,240
Non Ernst & Young audit firms - audit of the Financial Statements	-	-	-	-	-	-	-	-
	<u>16,858</u>	<u>15,800</u>	<u>16,858</u>	<u>15,800</u>	<u>11,558</u>	<u>10,600</u>	<u>25,358</u>	<u>24,130</u>

	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$
Amounts paid or payable to the auditors of the Schemes:						
Ernst & Young - audit and review of the Financial Statements	14,850	14,560	22,290	21,850	14,850	14,560
Ernst & Young - audit of compliance plan	2,008	1,240	2,008	1,240	2,008	1,240
Non Ernst & Young audit firms - audit of the Financial Statements	-	-	-	-	3,435	3,000
	<u>16,858</u>	<u>15,800</u>	<u>24,298</u>	<u>23,090</u>	<u>20,293</u>	<u>18,800</u>

For further details of expenses incurred by the Responsible Entity and the Schemes, refer to Note 9(c).

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 3: RECEIVABLES

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Dividends receivable	185,872	45,182	-	35,497	-	-	21,669	50,244
Distributions receivable	1,490,978	2,366,507	124,653	102,195	334,173	173,636	2,141,663	2,813,160
Interest receivable	-	10,953	2,585	5,259	-	-	356	2,001
Outstanding settlements receivable	-	1,653,056	31,625	261,246	-	-	-	958,314
Applications receivable*	64,132	48,011	1,313	1,548	995	933	2,748	4,119
GST receivable	78,829	85,462	116,035	133,443	6,044	5,300	144,212	127,477
Other receivables	14,975	-	-	242,161	-	-	-	-
Withholding tax reclaims receivable	-	-	-	-	-	-	-	-
	<u>1,834,786</u>	<u>4,209,171</u>	<u>276,211</u>	<u>781,349</u>	<u>341,212</u>	<u>179,869</u>	<u>2,310,648</u>	<u>3,955,315</u>

	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$
Dividends receivable	-	-	684,692	820,192	9,451	42,394
Distributions receivable	1,380,659	855,322	6,872	18,402	2,754,265	1,282,566
Interest receivable	-	502	16,581	101,756	172	532
Outstanding settlements receivable	750,000	-	2,913,126	6,087,513	-	73,022
Applications receivable*	1,963	1,555	4,680	4,512	3,306	4,691
GST receivable	16,028	16,919	514,793	577,522	22,773	21,994
Other receivables	-	-	131,171	1,355,569	2,958	-
Withholding tax reclaims receivable	-	-	1,237,984	885,788	14,556	9,802
	<u>2,148,650</u>	<u>874,298</u>	<u>5,509,899</u>	<u>9,851,254</u>	<u>2,807,481</u>	<u>1,435,001</u>

*Applications receivable represents uncontributed capital.

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 4: BORROWINGS

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Borrowings	-	-	-	-	-	-	395,442,535	295,455,293
	-	-	-	-	-	-	395,442,535	295,455,293
	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund			
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018		
	\$	\$	\$	\$	\$	\$		
Borrowings	-	-	-	-	-	-		
	-	-	-	-	-	-		

AMP Capital Specialist Geared Australian Share Fund

On 23 November 2018, the Syndicated Facility Agreement was restructured. Two new banks were introduced to the 2 year new facility. The facility limit has been increased to \$410,000,000 with a maturity date on 23 November 2020. The weighted average interest rate is 1.9888% as at 31 December 2019.

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 5: PAYABLES

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Responsible entity fees payable	68,592	73,148	29,139	30,003	23,883	23,025	598,083	478,935
Interest payable	8,726	-	-	-	-	-	-	-
Custody fees payable	-	26,140	-	11,930	10,003	323	44,415	19,500
Transaction costs payable	52	4,204	343	1,201	-	-	-	3,129
Outstanding settlements payable	95,318	845,418	146,794	239,920	-	-	-	2,448,432
Redemptions payable	63,577	102,029	651,987	81,399	29,372	103,000	10,800	536
	<u>236,265</u>	<u>1,050,939</u>	<u>828,263</u>	<u>364,453</u>	<u>63,258</u>	<u>126,348</u>	<u>653,298</u>	<u>2,950,532</u>

	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$
Responsible entity fees payable	67,703	59,300	74,807	31,330	57,339	32,411
Interest payable	395	395	-	-	-	-
Custody fees payable	4,473	-	-	139,588	-	-
Transaction costs payable	-	-	2,338	6,633	80	73
Outstanding settlements payable	-	-	6,479,290	15,022,644	80,381	-
Redemptions payable	48,593	44,526	1,141,308	67,872	153,826	73,514
	<u>121,164</u>	<u>104,221</u>	<u>7,697,743</u>	<u>15,268,067</u>	<u>291,626</u>	<u>105,998</u>

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 6: PROVISIONS

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Performance fees provision	\$ -	\$ -	\$ 240,832	\$ 236,424	\$ -	\$ -	\$ 82,643	\$ -
	<u>-</u>	<u>-</u>	<u>240,832</u>	<u>236,424</u>	<u>-</u>	<u>-</u>	<u>82,643</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>240,832</u>	<u>236,424</u>	<u>-</u>	<u>-</u>	<u>82,643</u>	<u>-</u>

	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Performance fees provision	\$ -	\$ -	\$ -	\$ 1,594,567	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,594,567</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,594,567</u>	<u>-</u>	<u>-</u>

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The movement in the number of units on issue during the financial year was as follows:

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Units	Units	Units	Units	Units	Units	Units	Units
Units on issue								
Opening balance	483,967,055	499,458,199	232,829,386	290,801,094	59,255,967	53,457,799	234,449,188	242,850,745
Applications	17,972,773	18,887,153	177,496,044	16,194,237	12,482,151	15,943,106	7,678,335	16,503,887
Distributions to unitholders reinvested	35,268,660	10,137,994	34,166,397	45,034,399	1,124,806	687,468	4,803,121	529,298
Redemptions	(69,700,877)	(44,516,291)	(134,929,110)	(119,200,344)	(16,549,704)	(10,832,406)	(42,881,680)	(25,434,742)
Closing balance	<u>467,507,611</u>	<u>483,967,055</u>	<u>309,562,717</u>	<u>232,829,386</u>	<u>56,313,220</u>	<u>59,255,967</u>	<u>204,048,964</u>	<u>234,449,188</u>
Represented by:								
Wholesale Class								
Opening balance	44,979,170	36,085,718	-	-	-	-	209,724,752	218,538,603
Applications	9,190,921	14,358,846	-	-	-	-	2,698,413	9,737,239
Distributions to unitholders reinvested	-	(5,465,394)	-	-	-	-	4,789,863	529,298
Redemptions	(8,529,678)	-	-	-	-	-	(37,493,302)	(19,080,388)
Closing balance	<u>45,640,413</u>	<u>44,979,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,719,726</u>	<u>209,724,752</u>
Retail Class								
Opening balance	28,086,095	30,198,351	5,764,270	5,161,002	-	-	10,223,128	11,096,734
Applications	321,452	406,342	221,237	648,188	-	-	156,644	2,792,065
Distributions to unitholders reinvested	1,494,708	419,111	436,359	713,026	-	-	-	-
Redemptions	(3,702,108)	(2,937,709)	(1,016,876)	(757,946)	-	-	(2,331,026)	(3,665,671)
Closing balance	<u>26,200,147</u>	<u>28,086,095</u>	<u>5,404,990</u>	<u>5,764,270</u>	<u>-</u>	<u>-</u>	<u>8,048,746</u>	<u>10,223,128</u>
No Fee Class								
Opening balance	390,700,906	411,264,063	205,635,227	269,598,194	25,193,022	24,069,493	-	-
Applications	7,913,307	3,298,649	171,512,510	7,570,690	3,583,983	4,003,382	-	-
Distributions to unitholders reinvested	32,679,202	14,872,423	33,541,612	44,045,260	1,094,527	674,364	-	-
Redemptions	(53,593,032)	(38,734,229)	(125,328,835)	(115,578,917)	(8,293,106)	(3,554,217)	-	-
Closing balance	<u>377,700,383</u>	<u>390,700,906</u>	<u>285,360,514</u>	<u>205,635,227</u>	<u>21,578,426</u>	<u>25,193,022</u>	<u>-</u>	<u>-</u>
New Retail Class								
Opening balance	16,442,842	18,191,248	-	-	-	-	-	-
Applications	423,256	457,708	-	-	-	-	-	-
Distributions to unitholders reinvested	878,696	243,996	-	-	-	-	-	-
Redemptions	(2,953,213)	(2,450,110)	-	-	-	-	-	-
Closing balance	<u>14,791,581</u>	<u>16,442,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units
Explicit Pricing Class								
Opening balance	3,758,042	3,718,819	2,215,295	1,627,294	1,012,569	1,313,560	1,696,476	1,821,338
Applications	123,837	365,608	124,517	726,212	194,779	91,599	248,087	376,678
Distributions to unitholders reinvested	216,054	67,858	174,630	256,332	30,279	13,104	13,258	-
Redemptions	(922,846)	(394,243)	(619,187)	(394,543)	(297,050)	(405,694)	(390,275)	(501,540)
Closing balance	<u>3,175,087</u>	<u>3,758,042</u>	<u>1,895,255</u>	<u>2,215,295</u>	<u>940,577</u>	<u>1,012,569</u>	<u>1,567,546</u>	<u>1,696,476</u>
On-Platform A Class								
Opening balance	-	-	19,214,594	14,414,604	33,050,376	28,074,746	12,804,832	11,394,070
Applications	-	-	5,637,780	7,249,147	8,703,389	11,848,125	4,575,191	3,597,905
Distributions to unitholders reinvested	-	-	13,796	19,781	-	-	-	-
Redemptions	-	-	(7,964,212)	(2,468,938)	(7,959,548)	(6,872,495)	(2,667,077)	(2,187,143)
Closing balance	<u>-</u>	<u>-</u>	<u>16,901,958</u>	<u>19,214,594</u>	<u>33,794,217</u>	<u>33,050,376</u>	<u>14,712,946</u>	<u>12,804,832</u>
No Fee 1 Class								
Opening balance	-	-	-	-	-	-	-	-
Applications	-	-	-	-	-	-	-	-
Distributions to unitholders reinvested	-	-	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Wholesale 1 Class								
Opening balance	-	-	-	-	-	-	-	-
Applications	-	-	-	-	-	-	-	-
Distributions to unitholders reinvested	-	-	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units
Units on issue						
Opening balance	129,692,837	153,019,556	793,557,020	874,584,956	364,733,306	417,184,206
Applications	3,118,244	7,419,629	6,928,928	28,504,020	6,915,733	9,007,135
Distributions to unitholders reinvested	402,328	-	12,705,341	11,981,166	2,994,938	9,944,530
Redemptions	(22,663,020)	(30,746,348)	(330,231,623)	(121,513,122)	(67,324,936)	(71,402,565)
Closing balance	<u>110,550,389</u>	<u>129,692,837</u>	<u>482,959,666</u>	<u>793,557,020</u>	<u>307,319,041</u>	<u>364,733,306</u>
Represented by:						
Wholesale Class						
Opening balance	23,738,413	23,738,413	52,729,813	52,627,004	-	-
Applications	-	-	-	6,540	-	-
Distributions to unitholders reinvested	-	-	-	96,269	-	-
Redemptions	-	-	-	-	-	-
Closing balance	<u>23,738,413</u>	<u>23,738,413</u>	<u>52,729,813</u>	<u>52,729,813</u>	<u>-</u>	<u>-</u>
Retail Class						
Opening balance	2,345,758	2,662,487	-	-	14,997,950	17,620,945
Applications	36,691	163,618	-	-	769,393	622,352
Distributions to unitholders reinvested	-	-	-	-	2,983	121,055
Redemptions	(369,421)	(480,347)	-	-	(2,906,418)	(3,366,402)
Closing balance	<u>2,013,028</u>	<u>2,345,758</u>	<u>-</u>	<u>-</u>	<u>12,863,908</u>	<u>14,997,950</u>
No Fee Class						
Opening balance	-	-	715,097,053	801,518,258	-	-
Applications	-	-	1,546,985	19,421,208	-	-
Distributions to unitholders reinvested	-	-	12,705,341	11,884,897	-	-
Redemptions	-	-	(324,501,717)	(117,727,310)	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>404,847,662</u>	<u>715,097,053</u>	<u>-</u>	<u>-</u>
New Retail Class						
Opening balance	-	-	-	-	-	-
Applications	-	-	-	-	-	-
Distributions to unitholders reinvested	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units	31 December 2019 Units	31 December 2018 Units
Explicit Pricing Class						
Opening balance	577,068	538,857	-	-	6,858,836	7,157,927
Applications	48,594	178,464	-	-	907,330	953,376
Distributions to unitholders reinvested	-	-	-	-	7,077	78,726
Redemptions	(121,627)	(140,253)	-	-	(1,282,636)	(1,331,193)
Closing balance	<u>504,035</u>	<u>577,068</u>	<u>-</u>	<u>-</u>	<u>6,490,607</u>	<u>6,858,836</u>
On-Platform A Class						
Opening balance	16,639,825	15,723,392	25,730,154	20,439,694	19,019,585	16,575,470
Applications	2,877,886	3,978,303	5,381,943	9,076,272	4,672,677	6,800,097
Distributions to unitholders reinvested	-	-	-	-	-	-
Redemptions	(4,068,199)	(3,061,870)	(5,729,906)	(3,785,812)	(4,551,846)	(4,355,982)
Closing balance	<u>15,449,512</u>	<u>16,639,825</u>	<u>25,382,191</u>	<u>25,730,154</u>	<u>19,140,416</u>	<u>19,019,585</u>
No Fee 1 Class						
Opening balance	86,391,773	110,356,407	-	-	323,856,935	375,829,864
Applications	155,073	3,099,244	-	-	566,333	631,310
Distributions to unitholders reinvested	402,328	-	-	-	2,984,878	9,744,749
Redemptions	(18,103,773)	(27,063,878)	-	-	(58,584,036)	(62,348,988)
Closing balance	<u>68,845,401</u>	<u>86,391,773</u>	<u>-</u>	<u>-</u>	<u>268,824,110</u>	<u>323,856,935</u>
Wholesale 1 Class						
Opening balance	-	-	-	-	-	-
Applications	-	-	-	-	-	-
Distributions to unitholders reinvested	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

	AMP Capital Specialist Australian Small Companies Fund	
	31 December 2019	31 December 2018
	\$	\$
Net assets attributable to unitholders are represented by:		
Fair value of outstanding units based on redemption price	351,186,489	238,038,860
Adjustments arising from the difference between the application of the redemption unit price and IFRS valuation of net assets	(2,573,620)	(3,863,987)
Net assets attributable to unitholders	<u>348,612,869</u>	<u>234,174,873</u>

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: CASH AND CASH EQUIVALENTS

	AMP Capital Specialist Australian Share Fund		AMP Capital Specialist Australian Small Companies Fund		AMP Capital Specialist Diversified Fixed Income Fund		AMP Capital Specialist Geared Australian Share Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reconciliation of net profit/(loss) attributable to unitholders after tax expenses and before finance costs to net cash inflow/(outflow) from operating activities								
Net profit/(loss) attributable to unitholders after tax expenses and before finance costs	136,919,674	(31,299,949)	67,143,709	53,564	4,068,239	1,581,299	123,185,806	(36,043,573)
Proceeds from sales of financial instruments measured at fair value through profit or loss	476,660,193	228,543,763	384,101,428	409,566,656	8,495,000	2,550,000	670,464,744	266,778,729
Payments for purchases of financial instruments measured at fair value through profit or loss	(424,262,700)	(209,529,600)	(301,121,961)	(288,529,882)	(2,050,001)	(7,530,000)	(736,921,847)	(313,236,909)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(109,305,777)	62,788,992	(62,330,365)	5,730,764	(1,341,959)	(242,101)	(100,464,852)	68,904,238
Investment income reinvested	(6,754,901)	(6,556,858)	(281,599)	(285,498)	(2,868,308)	(1,595,079)	(8,672,066)	(19,838,796)
Net foreign exchange (gain)/loss on cash and cash equivalents	-	-	-	-	-	-	1,849	(1,690)
Net change in broker deposits/(advances)	(153,180)	(316,626)	319,398	(252,038)	-	-	(28,110)	1,144,228
Changes in assets and liabilities:								
(Increase)/decrease in receivables	737,450	(344,875)	275,282	106,499	(161,281)	2,733	684,982	883,994
Increase/(decrease) in payables and provisions	(26,122)	13,874	(9,244)	58,776	10,538	2,800	223,577	(33,249)
Net cash inflow/(outflow) from operating activities	73,814,637	43,298,721	88,096,648	126,448,841	6,152,228	(5,230,348)	(51,525,917)	(31,443,028)
(b) Non-cash financing and operating activities								
Non-cash financing and operating activities carried out during the financial year on normal commercial terms and conditions comprised:								
Distributions to unitholders reinvested	46,513,942	20,943,270	36,563,766	53,878,215	1,187,807	703,443	7,547,447	775,797
Participation in reinvestment plans	6,754,901	6,556,858	281,599	285,498	2,868,308	1,595,079	8,672,066	19,838,796
In specie transfer in of securities measured at fair value from unitholders, to fund applications	-	-	136,853,620	-	-	-	-	-
In specie transfer out of securities measured at fair value to unitholders, to fund redemptions	-	-	-	-	-	-	-	-
In specie transfer of securities in, as settlement for the redemption of units in unlisted managed investment funds	211,609,396	-	-	-	-	-	-	-
In specie transfer of securities out, as settlement for the application of units in unlisted managed investment funds	151,240,513	-	-	-	-	-	-	-

Refer to Note 9 for details of the transfer of related party transactions.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 8: CASH AND CASH EQUIVALENTS (Continued)

	AMP Capital Specialist International Share (Hedged) Fund		AMP Capital Specialist International Share Fund		AMP Capital Specialist Property and Infrastructure Fund	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$	\$	\$	\$	\$	\$
(a) Reconciliation of net profit/(loss) attributable to unitholders after tax expenses and before finance costs to net cash inflow/(outflow) from operating activities						
Net profit/(loss) attributable to unitholders after tax expenses and before finance costs	44,823,530	(14,417,363)	278,438,142	50,136,871	89,377,021	(5,581,924)
Proceeds from sales of financial instruments measured at fair value through profit or loss	35,754,225	58,821,100	1,194,413,273	1,340,860,926	144,615,908	117,674,466
Payments for purchases of financial instruments measured at fair value through profit or loss	(3,000,000)	(19,999,594)	(880,976,652)	(1,169,861,104)	(83,836,271)	(67,093,691)
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(39,890,512)	17,010,142	(263,719,600)	(22,375,864)	(77,419,083)	20,179,959
Investment income reinvested	(5,223,637)	(3,517,899)	(2,676,286)	(5,460,336)	(411,828)	(442,821)
Net foreign exchange (gain)/loss on cash and cash equivalents	-	-	3,383,518	(3,561,517)	11,111	(16,801)
Net change in broker deposits/(advances)	990,000	(5,000,000)	1,468,824	(1,612,569)	-	(1,460,058)
Changes in assets and liabilities:						
(Increase)/decrease in receivables	(523,944)	168,524	1,167,136	(1,639,703)	(1,446,887)	293,093
Increase/(decrease) in payables and provisions	12,876	(5,972)	(1,694,973)	1,404,806	24,935	(60,784)
Net cash inflow/(outflow) from operating activities	32,942,538	33,058,938	329,803,382	187,891,510	70,914,906	63,491,439
(b) Non-cash financing and operating activities						
Non-cash financing and operating activities carried out during the financial year on normal commercial terms and conditions comprised:						
Distributions to unitholders reinvested	670,939	-	25,589,995	22,296,095	3,507,186	10,134,197
Participation in reinvestment plans	5,223,637	3,517,899	2,676,286	5,460,336	411,828	442,821
In specie transfer in of securities measured at fair value from unitholders, to fund applications	-	-	-	-	-	-
In specie transfer out of securities measured at fair value to unitholders, to fund redemptions	-	-	282,675,932	-	-	-
In specie transfer of securities in, as settlement for the redemption of units in unlisted managed investment funds	-	-	-	-	-	-
In specie transfer of securities out, as settlement for the application of units in unlisted managed investment funds	-	-	-	-	-	-

Refer to Note 9 for details of the transfer of related party transactions.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 9: RELATED PARTY DISCLOSURES

(a) General Information

The Responsible Entity of the Schemes is AMP Capital Funds Management Limited, a subsidiary of AMP Limited.

(b) Investments

(i) Related party holdings of the Schemes

Details of the Schemes' holdings in related parties, including entities in the same group as the Responsible Entity and other Schemes managed by the Responsible Entity, are set out below:

	Fair value		Interest held		Distributions/interest received or receivable during the financial year	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
AMP Capital Specialist Australian Share Fund						
AMP Capital Managed Cash Fund	12,964,487	1,817,692	0.27	0.03	26,803	18,376
AMP Limited	7,029,402	150,491	0.11	0.00	2,457	92,529
Australian Equity EFM Building Block 1	188,505,331	-	29.99	-	801,152	-
Refer to Note 8(b) for details of in specie transfers of securities.						
AMP Capital Specialist Australian Small Companies Fund						
AMP Capital Managed Cash Fund	6,257,233	8,439,401	0.13	0.14	97,017	177,989
AMP Capital Specialist Diversified Fixed Income Fund						
AMP Capital Managed Cash Fund	617,494	159,628	0.01	0.00	5,143	13,025
Wholesale Australian Bond Fund	14,736,746	15,258,031	0.64	0.51	1,269,137	649,283
EFM Fixed Interest Fund 8	20,308,044	21,337,493	3.15	3.72	531,339	529,707
EFM Fixed Interest Fund 9	11,577,950	12,193,803	4.42	4.28	808,086	318,695
EFM Fixed Interest Fund 10	12,071,301	12,139,446	8.09	8.02	420,283	94,195
AMP Capital Specialist Geared Australian Share Fund						
AMP Capital Managed Cash Fund	4,330,081	16,050,051	0.09	0.28	546,105	956,083
Enhanced Index Share Fund	99,081,234	94,365,785	24.45	26.93	5,204,038	19,034,036
AMP Capital Specialist International Share (Hedged) Fund						
AMP Capital Managed Cash Fund	-	-	-	-	16,360	46,777
AMP Capital Specialist International Share Fund	197,806,061	201,104,002	18.82	14.17	5,748,975	3,342,826
AMP Capital Specialist International Share Fund						
AMP Capital Managed Cash Fund	448,660	-	0.01	-	28,331	66,888
AMP Capital Specialist Property and Infrastructure Fund						
AMP Capital Managed Cash Fund	2,094,848	2,019,636	0.04	0.03	36,321	49,281
AMP Capital Global Infrastructure Securities Fund (Hedged)	170,887,280	116,729,271	13.04	11.50	3,625,037	1,889,070
AMP Australian Property Index Fund	66,844,996	82,588,704	6.49	9.51	3,266,368	6,849,145
Other related parties	-	14,727,916	-	N/A	-	1,065,175

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 9: RELATED PARTY DISCLOSURES (Continued)

(b) Investments (continued)

(ii) Related party investors in the Schemes

Details of related party investors in the Schemes, including the Responsible Entity, entities in the same group as the Responsible Entity and other Schemes managed by the Responsible Entity, are set out below:

	Number of units held	Interest held %	Number of units acquired during the financial year	Number of units disposed of during the financial year	Distributions paid or payable during the financial year \$
AMP Capital Specialist Australian Share Fund					
31 December 2019					
AMP Life Limited	377,700,383	79.40	40,592,509	(53,593,031)	39,576,087
31 December 2018					
AMP Life Limited	390,700,905	79.36	18,171,072	(38,734,230)	21,479,060
AMP Life Limited is the parent entity of this Scheme. AMP Limited is the ultimate parent entity.					
AMP Capital Specialist Australian Small Companies Fund					
31 December 2019					
AMP Life Limited	121,089,710	39.65	19,693,413	(38,924,771)	15,407,997
Experts' Choice Small Companies Fund	42,445,823	13.90	5,543,924	(9,381,783)	5,485,785
MySuper Enhanced Index Australian Equities Fund	-	-	275,928	(19,306,406)	-
AMP Capital Australian Small Companies Fund	121,824,981	39.89	179,540,857	(57,715,876)	15,224,755
31 December 2018					
AMP Life Limited	140,321,068	61.49	30,392,630	(14,257,473)	28,536,062
Future Directions Australian Equity Fund	-	-	9,622,707	(94,688,134)	10,514,043
Experts' Choice Small Companies Fund	46,283,682	20.28	8,585,618	(6,633,311)	9,874,794
MySuper Enhanced Index Australian Equities Fund	19,030,478	8.34	3,014,997	-	3,706,094
Refer to Note 8(b) for details of in specie transfers of securities.					
AMP Limited is the ultimate parent entity.					
AMP Capital Specialist Diversified Fixed Income Fund					
31 December 2019					
AMP Life Limited	21,578,426	38.52	4,678,510	(8,293,106)	1,277,788
31 December 2018					
AMP Life Limited	25,193,022	42.71	4,677,746	(3,554,217)	706,467
AMP Capital Specialist Geared Australian Share Fund					
31 December 2019					
AMP Life Limited	179,666,957	90.62	7,486,983	(37,493,302)	7,517,719
31 December 2018					
AMP Life Limited	209,673,276	91.69	10,266,409	(19,080,388)	775,609
AMP Life Limited is the parent entity of this Scheme. AMP Limited is the ultimate parent entity.					

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 9: RELATED PARTY DISCLOSURES (Continued)

(b) Investments (continued)

(ii) Related party investors in the Schemes (continued)

	Number of units held	Interest held %	Number of units acquired during the financial year	Number of units disposed of during the financial year	Distributions paid or payable during the financial year \$
AMP Capital Specialist International Share (Hedged) Fund					
31 December 2019					
AMP Life Limited	68,845,402	63.63	557,402	(18,103,773)	692,879
31 December 2018					
AMP Life Limited	86,391,773	67.76	3,099,245	(27,063,878)	231,074
AMP Life Limited is the parent entity of this Scheme. AMP Limited is the ultimate parent entity.					
AMP Capital Specialist International Share Fund					
31 December 2019					
AMP Life Limited	123,606,519	26.29	4,587,522	(262,987,287)	8,066,582
Future Directions International Share Fund	192,781,902	41.01	5,553,000	(35,334,702)	12,566,893
AMP Capital Specialist International Share (Hedged) Fund	88,459,241	18.82	4,111,804	(26,179,729)	5,748,975
31 December 2018					
AMP Life Limited	382,006,284	48.98	15,163,672	(59,516,426)	11,467,335
Future Directions International Share Fund	222,563,604	28.53	3,658,776	(23,782,646)	6,657,448
AMP Capital Specialist International Share (Hedged) Fund	110,527,166	14.17	12,483,658	(34,428,238)	3,342,826
Refer to Note 8(b) for details of in specie transfers of securities.					
AMP Limited is the ultimate parent entity.					
AMP Capital Specialist Property and Infrastructure Fund					
31 December 2019					
AMP Life Limited	268,824,110	85.94	3,551,211	(58,584,036)	4,748,622
31 December 2018					
AMP Life Limited	323,856,935	87.40	10,376,059	(62,348,988)	8,883,179
AMP Life Limited is the parent entity of this Scheme. AMP Limited is the ultimate parent entity.					

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 9: RELATED PARTY DISCLOSURES (Continued)

(c) Transactions with the Responsible Entity and its Related Parties

All transactions between the Schemes and related parties have been at market value on normal commercial terms and conditions. This includes purchases and sales of financial instruments, as well as applications and redemptions of units.

In accordance with each Scheme's Constitution, the Responsible Entity is entitled to receive fees for the provision of services to the Schemes and to be reimbursed for certain expenditure incurred in the administration of the Schemes.

	31 December 2019	31 December 2018
	\$	\$
Responsible entity fees expensed during the financial year		
AMP Capital Specialist Australian Share Fund	262,344	269,440
AMP Capital Specialist Australian Small Companies Fund	364,018	365,852
AMP Capital Specialist Diversified Fixed Income Fund	275,302	262,080
AMP Capital Specialist Geared Australian Share Fund	6,353,431	6,080,834
AMP Capital Specialist International Share (Hedged) Fund	753,338	746,536
AMP Capital Specialist International Share Fund	767,898	331,571
AMP Capital Specialist Property and Infrastructure Fund	597,835	443,647

During the financial year the Responsible Entity incurred certain expenses on behalf of the Schemes. Other expenses incurred by the Responsible Entity may be reimbursable from the Schemes to the Responsible Entity in accordance with each Scheme's Constitution and other governing documents, as applicable.

During the financial year the Schemes paid securities lending fees to the service provider, AMP Capital Investors Limited, a related party of the Schemes.

	31 December 2019	31 December 2018
	\$	\$
Securities lending fees expensed during the financial year		
AMP Capital Specialist Australian Share Fund	1,591	5,264
AMP Capital Specialist Australian Small Companies Fund	25,116	46,854
AMP Capital Specialist Geared Australian Share Fund	-	206
AMP Capital Specialist International Share Fund	8,235	4,380
AMP Capital Specialist Property and Infrastructure Fund	392	114

On 23 November 2018, MUFG Bank Ltd, a related party of the Schemes and the Responsible Entity, entered into a Syndicated Facility Agreement with the AMP Capital Specialist Geared Australian Share Fund (refer to Note 4 Borrowings for further details) on normal commercial terms and conditions.

The Investment Manager provides debt arrangement services on normal commercial terms and conditions. The AMP Capital Specialist Geared Australian Share Fund incurred debt arrangement fees of \$411,400 (31 December 2018: \$198,000) during the financial year.

(d) Key Management Personnel

AASB 124 "Related Party Disclosures" defines key management personnel ("KMP") as including all Non-Executive Directors, Executive Directors and any other persons having authority or responsibility for planning, directing and controlling the activities of the Schemes. The Schemes have no direct employees, however the Directors of the Responsible Entity have been deemed to be Directors of the Schemes. These individuals comprise the KMP of the Schemes.

Key management personnel services are provided by the Responsible Entity and the remuneration paid to the Responsible Entity is detailed in Note 9(c) above. No Director of the Responsible Entity was paid any remuneration by the Schemes during the financial year. Compensation paid to these Directors by the Responsible Entity, or related entities of the Responsible Entity, is not related to services they render to the individual funds.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks arising from holding financial instruments are inherent in the Schemes' activities, and are managed through a process of ongoing identification, measurement and monitoring.

Financial instruments of the Schemes comprise investments in financial assets and liabilities measured at fair value through profit or loss, cash and cash equivalents, broker deposits/advances, net assets attributable to unitholders, and other financial instruments such as receivables and payables, which arise directly from the Schemes' operations.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments. The Schemes are exposed to credit risk, liquidity risk and market risk.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Schemes from reasonably possible changes in the relevant risk variables. Information about these risk exposures for the financial year is provided below. Where the Schemes have material risk exposures, risk sensitivity analysis is presented for illustrative purposes. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Schemes, as well as the level of risk that the Schemes are willing to accept.

The management of these risks is carried out by AMP Capital Investors Limited, as investment manager, including at its investment committees, under policies adopted by the Responsible Entity.

As part of its risk management strategy, the Schemes may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

To avoid excessive concentrations of risk, the Schemes monitor their exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative financial instruments to manage the excessive risk concentrations when they arise.

The Responsible Entity's objectives when managing capital are to safeguard the Schemes' ability to continue as a going concern, so it can continue to provide returns to unitholders and to maintain an optimal capital structure. To maintain or adjust the capital structure, the Responsible Entity may reinvest distributions. The Schemes do not have any externally imposed capital requirements.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations under a contract.

The Schemes' maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statements of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the maximum exposure at the balance date.

In relation to investments in equity securities and managed investment funds, the credit risk associated with these financial instruments is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk.

In relation to derivative financial instruments, the credit risk associated with these financial instruments is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk. Credit risk associated with non-exchange traded derivative financial instruments is minimised through the use of master netting agreements, and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk.

Credit risk is not considered to be significant to the Schemes. Receivable balances are monitored on an ongoing basis. The Schemes' exposure to bad debts is not significant.

The Schemes hold no collateral as security or any other credit enhancements, other than broker deposits. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

Listed securities on loan

Certain listed securities are on loan as part of securities lending program that certain Schemes participate in, as recognised in the Statements of Financial Position. As at 31 December 2019, the total value of the listed securities on loan are fully collateralised and are held by the Schemes' custodian, BNP Paribas Fund Services Australasia. Listed securities of the Schemes may be lent to approved borrowers, such as brokers and other financial institutions. The borrower lodges collateral against the securities lent either in the form of cash or approved securities.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (continued)

Listed securities on loan (continued)

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate the risks associated with securities lending, the Schemes have been provided with borrower default indemnities by BNP Paribas Securities Services, acting as the Security Lending Agent. The indemnity allows for full replacement of securities lent in the case of a borrower default.

(b) Liquidity risk

Liquidity risk is the risk that the Schemes will encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due.

The Schemes manage liquidity risk by monitoring application and redemption requests to ensure sufficient liquidity is available; investing in financial instruments which under normal market conditions are readily convertible to cash; and maintaining sufficient cash and cash equivalents to meet normal operating requirements.

Maturity analysis for financial liabilities

Financial liabilities of the Schemes comprise trade and other payables, distributions payable, derivative financial instruments and 'net assets attributable to unitholders - liability'. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

Net assets attributable to unitholders are payable on demand, however the Responsible Entity has the power under each Scheme's Constitution to amend the timing of redemption payments.

The table below details the Schemes' borrowings into the relevant maturity grouping based on the remaining period at the balance date to the contractual maturity date.

	Less than 1 month \$	1-3 months \$	3-12 months \$	Greater than 1 year \$	Total \$
AMP Capital Specialist Geared Australian Share Fund					
31 December 2019					
Borrowings	-	-	395,442,535	-	395,442,535
	<u>-</u>	<u>-</u>	<u>395,442,535</u>	<u>-</u>	<u>395,442,535</u>
31 December 2018					
Borrowings	-	-	-	295,455,293	295,455,293
	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,455,293</u>	<u>295,455,293</u>

Derivative financial instruments measured at fair value through profit or loss are held for trading as they are held for the purposes of:

- reducing risks which may occur as a result of changes in interest rates, credit risk, equity prices, currency movements or other factors; and/or
- gaining exposure to physical investments.

Although they have contractual maturities, management's expectation is that they will typically dispose of them within a shorter period of time.

Maturities of gross settled derivative financial instruments

The table below details the Schemes' derivative financial instruments (assets and liabilities) into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 month \$	1-3 months \$	3-12 months \$	Greater than 1 year \$	Total \$
AMP Capital Specialist Australian Share Fund					
31 December 2019					
Inflows	-	-	-	-	-
(Outflows)	-	(291,123)	-	-	(291,123)

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (continued)

Maturities of gross settled derivative financial instruments (continued)

	Less than 1 month \$	1-3 months \$	3-12 months \$	Greater than 1 year \$	Total \$
AMP Capital Specialist Australian Share Fund (continued)					
31 December 2018					
Inflows	-	8,638	-	-	8,638
(Outflow)	-	(12,567)	-	-	(12,567)
AMP Capital Specialist Australian Small Companies Fund					
31 December 2019					
Inflows	-	-	-	-	-
(Outflows)	-	-	-	-	-
31 December 2018					
Inflows	-	16,950	-	-	16,950
(Outflows)	-	-	-	-	-
AMP Capital Specialist Geared Australian Share Fund					
31 December 2019					
Inflows	-	-	-	-	-
(Outflows)	-	(86,148)	-	-	(86,148)
31 December 2018					
Inflows	-	25,278	-	-	25,278
(Outflows)	-	-	-	-	-
AMP Capital Specialist International Share (Hedged) Fund					
31 December 2019					
Inflows	-	205,730,730	-	-	205,730,730
(Outflows)	-	(199,447,712)	-	-	(199,447,712)
31 December 2018					
Inflows	-	214,096,991	-	-	214,096,991
(Outflows)	-	(222,625,444)	-	-	(222,625,444)
AMP Capital Specialist International Share Fund					
31 December 2019					
Inflows	42,949,157	222,113	-	-	43,171,270
(Outflows)	(43,413,254)	-	-	-	(43,413,254)
31 December 2018					
Inflows	43,429,601	-	-	-	43,429,601
(Outflows)	(42,916,188)	(467,692)	-	-	(43,383,880)

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (continued)

Maturities of gross settled derivative financial instruments (continued)

	Less than 1 month \$	1-3 months \$	3-12 months \$	Greater than 1 year \$	Total \$
AMP Capital Specialist Property and Infrastructure Fund					
31 December 2019					
Inflows	126,474,765	-	-	-	126,474,765
(Outflows)	(124,014,784)	-	-	-	(124,014,784)
31 December 2018					
Inflows	128,050,842	-	-	-	128,050,842
(Outflows)	(131,110,183)	-	-	-	(131,110,183)

(c) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

Australian Accounting Standards require the disclosure of sensitivity to changes in market risk variables such as interest rates, foreign exchange rates and equity prices. This sensitivity is not intended to show the impact on the Schemes' financial performance for the entire period, just an illustrative example of the direct impact of a change in the value of the financial instruments measured at the balance date as a result of the change in market rate. The sensitivity is required to show the impact of a reasonably possible change in market rate over the period to the subsequent balance date. It is not intended to illustrate a remote, worst case or stress test scenario.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Schemes have established limits on investments in borrowings, which are monitored on a daily basis.

The table below demonstrates the impact of a 100 basis point movement in interest rates on the Schemes' borrowings interest expense and net assets attributable to unitholders, with all other variables held constant. It is assumed that the relevant change occurs at the balance date.

	Change in interest rate		Effect on borrowings interest expense from the impact of interest rate changes		Effect on net assets attributable to unitholders from the impact of interest rate changes	
	Increase	Decrease	Increase \$	Decrease \$	Increase \$	Decrease \$
AMP Capital Specialist Geared Australian Share Fund						
31 December 2019						
Borrowings	+100bps	-100bps	3,950,000	(3,950,000)	(3,950,000)	3,950,000
31 December 2018						
Borrowings	+100bps	-100bps	2,950,000	(2,950,000)	(2,950,000)	2,950,000

The interest rate sensitivity for cash and cash equivalents is not significant to the Schemes.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the value of monetary securities denominated in currencies other than the Australian dollar will fluctuate due to changes in foreign exchange rates. The risk is measured using sensitivity analysis.

The table below demonstrates the impact of a 10% movement in the exchange rate against the Australian dollar on the net profit/(loss) attributable to unitholders and net assets attributable to unitholders, with all other variables held constant. It is assumed that the relevant change occurs at the balance date.

	Effect on net assets attributable to unitholders and net profit/(loss) attributable to unitholders after tax expense and before finance costs	
	-10%	+10%
	\$	\$
AMP Capital Specialist Australian Small Companies Fund		
31 December 2019	-	-
31 December 2018	(98)	98
AMP Capital Specialist International Share Fund		
31 December 2019	(1,680,842)	1,680,842
31 December 2018	(6,360,623)	6,360,623
AMP Capital Specialist Property and Infrastructure Fund		
31 December 2019	(13,195)	13,195
31 December 2018	(17,308)	17,308

The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk.

Price risk

Price risk is the risk that the fair value of equity securities, equity derivatives and managed investment funds decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual equity securities or managed investment funds or factors affecting all financial instruments in the market. Price risk exposure arises from the Schemes' investment portfolios. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates.

Price risk is managed by monitoring compliance with established investment mandate limits.

All securities present a risk of loss of capital. The maximum risk resulting from equity securities and managed investment funds is determined by the fair value of the financial instruments. The maximum risk resulting from equity derivatives is determined by reference to the notional value of the financial instruments.

The table below demonstrates the impact of a 10% movement in the price of units in equity securities, equity derivatives and managed investment funds. This sensitivity analysis has been performed to assess the direct risk of holding equity securities, equity derivatives and managed investment funds with all other variables held constant. It is assumed that the relevant change occurs at the balance date.

	Price Risk	
	-10%	+10%
	\$	\$
AMP Capital Specialist Australian Share Fund		
31 December 2019	(64,566,449)	64,566,449
31 December 2018	(58,109,835)	58,109,835

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk (continued)

Price risk (continued)

	Price Risk	
	-10%	+10%
	\$	\$
AMP Capital Specialist Australian Small Companies Fund		
31 December 2019	(33,515,446)	33,515,446
31 December 2018	(21,853,185)	21,853,185
AMP Capital Specialist Diversified Fixed Income Fund		
31 December 2019	(5,869,404)	5,869,404
31 December 2018	(6,092,877)	6,092,877
AMP Capital Specialist Geared Australian Share Fund		
31 December 2019	(71,651,175)	71,651,175
31 December 2018	(54,240,785)	54,240,785
AMP Capital Specialist International Share (Hedged) Fund		
31 December 2019	(19,780,606)	19,780,606
31 December 2018	(20,110,400)	20,110,400
AMP Capital Specialist International Share Fund		
31 December 2019	(102,608,473)	102,608,473
31 December 2018	(136,019,061)	136,019,061
AMP Capital Specialist Property and Infrastructure Fund		
31 December 2019	(38,223,682)	38,223,682
31 December 2018	(37,058,321)	37,058,321

(d) Fair value measurement

Financial assets and liabilities measured at fair value are categorised under a three-level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial asset or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These may include investment grade corporate bonds, certain unlisted unit trusts and over-the-counter derivatives.

Typically, prices of units in unlisted managed investment trusts that are published on the investment manager's website and/or obtained from unitholder statements, are categorised as Level 2.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Schemes' own data, reflecting the Schemes' own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

The table below shows the Schemes' financial assets and liabilities measured at fair value on a recurring basis by each level of the fair value hierarchy. The Schemes did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2019 (31 December 2018: nil).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
AMP Capital Specialist Australian Share Fund				
31 December 2019				
Listed securities	457,450,282	-	-	457,450,282
Derivative financial liabilities	(291,123)	-	-	(291,123)
Unlisted managed investment funds	-	188,505,331	-	188,505,331
Total	457,159,159	188,505,331	-	645,664,490
31 December 2018				
Listed securities	400,932,624	-	-	400,932,624
Listed securities on loan	865,093	-	-	865,093
Derivative financial assets	8,638	-	-	8,638
Derivative financial liabilities	(12,567)	-	-	(12,567)
Unlisted managed investment funds	-	179,304,561	-	179,304,561
Total	401,793,788	179,304,561	-	581,098,349

The table below shows a reconciliation of the movement in the fair value of financial assets and liabilities categorised as Level 3 of the fair value hierarchy between the beginning and the end of the financial year and prior financial year:

	Opening balance \$	Purchases \$	Sales \$	Net transfers in/(out) \$	Net changes in the fair value of financial instruments measured at fair value through profit or loss \$	Closing balance \$	Total gain/ (loss) for the year included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at year end \$
31 December 2019							
Listed securities	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

AMP Capital Specialist Australian Share Fund (continued)

	Opening balance	Purchases	Sales	Net transfers in/(out)	Net changes in the fair value of financial instruments measured at fair value through profit or loss	Closing balance	Total gain/ (loss) for the year included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at year end
	\$	\$	\$	\$	\$	\$	\$
31 December 2018							
Listed securities	24,538	-	(15,710)	-	(8,828)	-	-
Total	<u>24,538</u>	<u>-</u>	<u>(15,710)</u>	<u>-</u>	<u>(8,828)</u>	<u>-</u>	<u>-</u>

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
AMP Capital Specialist Australian Small Companies Fund				
31 December 2019				
Listed securities	304,536,270	-	3,415,571	307,951,841
Listed securities on loan	27,202,618	-	-	27,202,618
Total	<u>331,738,888</u>	<u>-</u>	<u>3,415,571</u>	<u>335,154,459</u>
31 December 2018				
Listed securities	204,245,959	-	-	204,245,959
Listed securities on loan	14,268,938	-	-	14,268,938
Derivative financial assets	16,950	-	-	16,950
Total	<u>218,531,847</u>	<u>-</u>	<u>-</u>	<u>218,531,847</u>

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

AMP Capital Specialist Australian Small Companies Fund (continued)

The table below shows a reconciliation of the movement in the fair value of financial assets and liabilities categorised as Level 3 of the fair value hierarchy between the beginning and the end of the financial year and prior financial year:

	Opening balance	Purchases	Sales	Net transfers in/(out)	Net changes in the fair value of financial instruments measured at fair value through profit or loss	Closing balance	Total gain/ (loss) for the year included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at year end
	\$	\$	\$	\$	\$	\$	\$
31 December 2019							
Listed securities	-	-	(126,890)	2,837,178	705,283	3,415,571	705,283
Total	-	-	(126,890)	2,837,178	705,283	3,415,571	705,283
31 December 2018							
Listed securities	2,322,903	619,522	(1,530,364)	-	(1,412,061)	-	-
Total	2,322,903	619,522	(1,530,364)	-	(1,412,061)	-	-

During the year, listed securities of \$3,415,571, which were categorised as Level 1 securities at the time of purchase were categorised as Level 3 at 31 December 2019. This was due to changes in the observability of the pricing for the relevant securities during the period.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
AMP Capital Specialist Diversified Fixed Income Fund				
31 December 2019				
Unlisted managed investment funds	-	58,694,041	-	58,694,041
Total	-	58,694,041	-	58,694,041

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
AMP Capital Specialist Diversified Fixed Income Fund (continued)				
31 December 2018				
Unlisted managed investment funds	-	60,928,773	-	60,928,773
Total	-	60,928,773	-	60,928,773
AMP Capital Specialist Geared Australian Share Fund				
31 December 2019				
Listed securities	617,516,664	-	-	617,516,664
Derivative financial liabilities	(86,148)	-	-	(86,148)
Unlisted managed investment funds	-	99,081,234	-	99,081,234
Total	617,430,516	99,081,234	-	716,511,750
31 December 2018				
Listed securities	448,016,784	-	-	448,016,784
Derivative financial assets	25,278	-	-	25,278
Unlisted managed investment funds	-	94,365,785	-	94,365,785
Total	448,042,062	94,365,785	-	542,407,847
AMP Capital Specialist International Share (Hedged) Fund				
31 December 2019				
Derivative financial assets	-	6,383,670	-	6,383,670
Derivative financial liabilities	-	(42,964)	-	(42,964)
Unlisted managed investment funds	-	197,806,061	-	197,806,061
Total	-	204,146,767	-	204,146,767
31 December 2018				
Derivative financial assets	-	12,770	-	12,770
Derivative financial liabilities	-	(8,579,929)	-	(8,579,929)
Unlisted managed investment funds	-	201,104,002	-	201,104,002
Total	-	192,536,843	-	192,536,843
AMP Capital Specialist International Share Fund				
31 December 2019				
Listed securities	805,530,172	-	-	805,530,172
Listed securities on loan	38,626,063	-	-	38,626,063
Derivative financial assets	222,113	204,506	-	426,619
Derivative financial liabilities	-	(677,142)	-	(677,142)
Unlisted managed investment funds	-	181,706,383	-	181,706,383
Total	844,378,348	181,233,747	-	1,025,612,095

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
AMP Capital Specialist International Share Fund (continued)				
31 December 2018				
Listed securities	1,123,802,568	-	-	1,123,802,568
Listed securities on loan	11,101,306	-	-	11,101,306
Derivative financial assets	-	604,274	-	604,274
Derivative financial liabilities	(467,692)	(97,158)	-	(564,850)
Unlisted managed investment funds	-	225,754,431	-	225,754,431
Total	<u>1,134,436,182</u>	<u>226,261,547</u>	<u>-</u>	<u>1,360,697,729</u>
AMP Capital Specialist Property and Infrastructure Fund				
31 December 2019				
Listed securities	121,282,159	-	-	121,282,159
Listed securities on loan	6,941,323	-	-	6,941,323
Derivative financial assets	-	2,490,982	-	2,490,982
Derivative financial liabilities	-	(12,102)	-	(12,102)
Unlisted managed investment funds	-	237,732,276	16,281,057	254,013,333
Total	<u>128,223,482</u>	<u>240,211,156</u>	<u>16,281,057</u>	<u>384,715,695</u>
31 December 2018				
Listed securities	118,772,476	-	-	118,772,476
Listed securities on loan	3,330,672	-	-	3,330,672
Derivative financial assets	-	53,946	-	53,946
Derivative financial liabilities	-	(3,126,138)	-	(3,126,138)
Unlisted managed investment funds	-	199,317,976	49,162,086	248,480,062
Total	<u>122,103,148</u>	<u>196,245,784</u>	<u>49,162,086</u>	<u>367,511,018</u>

AMP CAPITAL SPECIALIST FUNDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

AMP Capital Specialist Property and Infrastructure Fund (continued)

The table below shows a reconciliation of the movement in the fair value of financial assets and liabilities categorised as Level 3 of the fair value hierarchy between the beginning and the end of the financial year and prior financial year:

	Opening balance	Purchases	Sales	Net transfers in/(out)	Net changes in the fair value of financial instruments measured at fair value through profit or loss	Closing balance	Total gain/ (loss) for the year included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at year end
	\$	\$	\$	\$	\$	\$	\$
31 December 2019							
Unlisted managed investment funds	49,162,086	-	(29,906,332)	-	(2,974,697)	16,281,057	(2,586,855)
Total	<u>49,162,086</u>	<u>-</u>	<u>(29,906,332)</u>	<u>-</u>	<u>(2,974,697)</u>	<u>16,281,057</u>	<u>(2,586,855)</u>
31 December 2018							
Unlisted managed investment funds	67,362,597	-	(21,669,301)	273,297	3,195,493	49,162,086	2,929,419
Total	<u>67,362,597</u>	<u>-</u>	<u>(21,669,301)</u>	<u>273,297</u>	<u>3,195,493</u>	<u>49,162,086</u>	<u>2,929,419</u>

During the prior financial year, unlisted managed investment funds of \$273,297, which were categorised as Level 1 securities at 31 December 2017 were categorised as Level 3 securities. This was due to changes in the observability of the pricing for the relevant securities.

The Schemes recognise transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year ended 31 December 2019 (financial year ended 31 December 2018: nil).

Valuation techniques

The valuation techniques and inputs used in measuring the fair value of financial assets and liabilities are outlined in Note 1(c) and 1(d).

There were no material changes in valuation techniques during the financial year.

For financial assets and liabilities categorised as Level 3 of the fair value hierarchy, the valuation processes applied in valuing such assets and liabilities are governed by the AMP Capital Holdings Limited Asset Valuation Policy which has been adopted by the Responsible Entity. This Policy outlines the valuation methodologies and processes applied to measure non-exchange traded financial instruments which have no regular market price, including listed securities suspended from the relevant exchange, unlisted investment structures and over-the-counter derivatives.

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 10: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Fair value measurement (continued)

Valuation techniques (continued)

The table below summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Financial statement caption	Valuation technique	Range of key unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Listed securities	Last traded price, unless it is determined that another valuation basis is more appropriate	Premium/liquidity discount adjustment to the last traded price	A premium/liquidity discount adjustment to the last traded price would result in an increase/decrease in the fair value of the asset
Unlisted managed investment funds	Net Asset Value of the unlisted managed investment fund	Valuation of the unlisted managed investment fund Suspended redemptions	An increase/decrease in the value of the underlying investments in the unlisted managed investment fund would result in a higher/lower fair value

(e) Master netting or similar agreements

The Schemes present the fair value of their derivative assets and liabilities on a gross basis in the Statements of Financial Position. Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, such as an International Swaps and Derivatives Association ("ISDA") master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is receivable/payable in settlement of all transactions.

An ISDA agreement does not meet the criteria for offsetting in the Statements of Financial Position as the Schemes do not have any currently legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events such as a default.

As at 31 December 2019 and 31 December 2018, the impact, if these netting arrangements were applied to the derivative portfolios of the Schemes, would be as follows:

	Gross derivative assets	Effect of netting arrangements	Net derivative assets	Gross derivative liabilities	Effect of netting arrangements	Net derivative liabilities
	\$	\$	\$	\$	\$	\$
31 December 2019						
AMP Capital Specialist International Share (Hedged) Fund	6,383,670	(42,941)	6,340,729	42,964	(42,941)	23
AMP Capital Specialist Property and Infrastructure Fund	2,490,982	(12,102)	2,478,880	12,102	(12,102)	-
31 December 2018						
AMP Capital Specialist International Share (Hedged) Fund	12,770	(730)	12,040	8,579,929	(730)	8,579,199
AMP Capital Specialist Property and Infrastructure Fund	53,946	(40,350)	13,596	3,126,138	(40,350)	3,085,788

NOTE 11: COMMITMENTS AND CONTINGENCIES

The Schemes had no commitments or contingencies at 31 December 2019 (31 December 2018: nil).

AMP CAPITAL SPECIALIST FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

NOTE 12: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 31 December 2019, there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Schemes.

NOTE 13: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the Schemes for the financial year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors of AMP Capital Funds Management Limited on 12 March 2020.

AMP CAPITAL SPECIALIST FUNDS

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of AMP Capital Funds Management Limited, the Responsible Entity, I state that for the purpose of section 295(4) of the Corporations Act, in the opinion of the Directors of the Responsible Entity:

AMP Capital Specialist Australian Share Fund
AMP Capital Specialist Australian Small Companies Fund
AMP Capital Specialist Diversified Fixed Income Fund
AMP Capital Specialist Geared Australian Share Fund
AMP Capital Specialist International Share (Hedged) Fund
AMP Capital Specialist International Share Fund
AMP Capital Specialist Property and Infrastructure Fund

- (a) The Financial Statements and notes are in accordance with the Corporations Act, including section 296 (compliance with accounting standards) and section 297 (true and fair view);
- (b) There are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable; and
- (c) The Financial Statements and notes comply with International Financial Reporting Standards applicable to annual reporting as disclosed in Note 1(a).



Director
12 March 2020, Sydney



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working world**

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Independent Auditor's Report to the unitholders of AMP Capital Specialist Funds

Opinion

For the following AMP Capital Specialist Funds (the "Schemes"):

- ▶ AMP Capital Specialist Australian Share Fund
- ▶ AMP Capital Specialist Australian Small Companies Fund
- ▶ AMP Capital Specialist Diversified Fixed Income Fund
- ▶ AMP Capital Specialist Geared Australian Share Fund
- ▶ AMP Capital Specialist International Share (Hedged) Fund
- ▶ AMP Capital Specialist International Share Fund
- ▶ AMP Capital Specialist Property and Infrastructure Fund

We have audited the financial reports of the Schemes, which comprise the statements of financial position as at 31 December 2019, the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial reports of the Schemes are in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Schemes' financial position as at 31 December 2019 and of their financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audits in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Schemes in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audits of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Information Other than the Financial Report and Auditor's Report Thereon

The directors of AMP Capital Funds Management Limited as the Responsible Entity of the Schemes (the "Responsible Entity") are responsible for the other information. The other information is the directors' report accompanying the financial reports.

Our opinion on the financial reports does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audits or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial reports that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors of the Responsible Entity are responsible for assessing the Schemes' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Schemes or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

Auditor's Responsibilities for the Audit of the Financial Report (cont.)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audits. We also:

- ▶ Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Responsible Entity's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Schemes' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Schemes to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.



**Building a better
working world**

Ernst & Young

Mark Jones
Partner
Sydney
12 March 2020