

# Walter Scott Global Equity

Quarterly Investment Option Update

31 December 2019

## Aim and Strategy

Aims to achieve a long-term return (before fees and expenses) that exceeds the MSCI World ex-Australia Index, in Australian dollars unhedged with net dividends reinvested. The portfolio provides exposure to a concentrated portfolio of global equities by investing in securities which, in Walter Scott's opinion, offer strong and sustained earnings growth. The portfolio is actively managed using a benchmark unaware, fundamental, bottom-up and research-driven approach to build a portfolio of strong growth companies capable of generating wealth over long periods of time.

The investment approach combines detailed financial analysis with business and management analysis.

The investment portfolio is constructed with a primary focus on stock-based analysis.

The Fund Manager expects that on average, and based on long-term experience, 15 to 25% of the stocks in the portfolio will be turned over each year, which reflects the investment manager's long-term buy and hold approach. The portfolio's exposure to international assets is not hedged back to Australian dollars.

## Investment Option Performance

To view the latest investment performances for each product please visit [amp.com.au](http://amp.com.au)

## Investment Option Overview

<b>Investment Category</b>	Global Shares
<b>Suggested Investment timeframe</b>	7 years
<b>Relative risk rating</b>	6/ High
<b>Investment style</b>	Growth
<b>Manager style</b>	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100.00	97.36
Cash	0.00	2.64

Sector Allocation	%
Information technology	17.73
Health care	13.04
Consumer discretionary	10.38
Consumer staples	8.36
Industrials	11.10
Energy	4.90
Communication services	8.57
Materials	4.09
Financials	15.24
Utilities	3.45
Real estate	3.14

Regional Allocation	%
North America	56.98
Europe ex UK	17.10
Japan	7.93
United Kingdom	5.51
Emerging Markets	4.95
Asia ex Japan	4.84

Top Holdings	%
AIA Group Ltd	3.26
Edwards Lifesciences Corp	3.02
Mastercard Inc.	3.01
Keyence Corp.	2.97
Starbucks Corp.	2.79
Adobe Inc.	2.76
Microsoft Corp.	2.55
Walt Disney	2.45
Taiwan Semiconductor Manufacturing	2.33
Stryker Corp	2.32

## Investment Option Commentary

The Fund outperformed the benchmark for the quarter.

## Market Commentary

Walter Scott selects stocks from the bottom-up, and as such, geographic and sector exposures are the result of the underlying companies held. In December, holdings in Consumer Discretionary, such as NIKE, were among the largest relative contributors, while holdings in Health Care and the UK detracted from relative performance. During the month, Walter Scott heard from NIKE and Waters Corporation, both of whom contributed positively to performance in December. Despite concerns around Sino-US trade tensions, NIKE has continued to negotiate the challenging environment adroitly, recently reporting sound first-quarter 2020 results. The standout performer was China, where revenues rose 27% year-on-year, and the company continues to extend its lead in the country. Commenting on the trade dispute, the CEO expressed confidence that given NIKE's past ability to navigate tariff regimes, it can continue to do so. After a difficult year for Waters Corporation, a recent visit to Walter Scott's office by CEO Chris O'Connell provided an opportunity to assess the various initiatives the company is undertaking to restore growth. One encouraging takeaway from the meeting was the continued focus on reinventing the company's ability to innovate organically, with research and development expenditure having grown at twice the rate of sales for the last four years. During the month, Walter Scott completed the final sale of Alcon, having inherited a small position following the company's spin-out from Novartis. Walter Scott maintains conviction in each of the stocks within the portfolio and their ability to generate sustainable wealth over the long term.

## Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1601AU
AMP Flexible Super - Retirement account	AMP1625AU
AMP Flexible Super - Super account	AMP1616AU
CustomSuper	AMP1601AU
Flexible Lifetime - Allocated Pension	AMP1637AU
SignatureSuper	AMP1607AU
SignatureSuper Allocated Pension	AMP1631AU

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