

# Zurich American Century Global Growth

Quarterly Investment Option Update

31 December 2019

## Aim and Strategy

To provide investors with long-term capital growth by using a distinctive growth-oriented investment strategy designed for long-term investors who want to capitalise on the unique opportunities presented by fast-growing companies around the world. The portfolio invests in securities listed on international stock exchanges and aims to outperform the MSCI World ex-Australia Index in Australian dollars over periods of five or more years

## 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	97
Cash	0	3

Sector Allocation	%
Communication Services	4.6
Consumer Discretionary	10.7
Consumer Staples	6.0
Energy	4.2
Financials	17.6
Health Care	14.4
Industrials	11.9
Information Technology	18.9
Cash	3.0
Materials	4.8
Real Estate	3.8
Utilities	0.0

Regional Allocation	%
US	65.5
Canada	0.8
UK	5.7
Europe	10.9
Asia ex-Japan	6.1
Japan	6.1
Emerging Markets	1.9
Cash	3.0

Top Holdings	%
Alphabet 'A'	2.9
Amazon.com Inc	2.4
Visa Inc Class A	2.2
Equinix	1.9
American Express Co	1.9
Alibaba Group Holding	1.8
AIA Group Ltd	1.8
CRH	1.6
L3Harris Technologies	1.5
Ametek Inc	1.4

## Portfolio Summary

- Key positive contribution in the December quarter came from Alibaba Group Holding, Advanced Micro Devices and OTP Bank. Negative contributors included Shiseido and RealPage.
- Global stocks delivered strong performance, supported by positive earnings reports and reduced pessimism on the global economic outlook
- The portfolio continues to invest in companies where the investment team believes that business fundamentals are improving and where they have high conviction that the improvement is sustainable.

## Investment Option Commentary

The key contributors to relative performance included Alibaba Group Holding, Advanced Micro Devices and OTP Bank. Alibaba rallied on strong demand for its secondary stock offering in Hong Kong. The company's core business has continued to generate very strong financial results and in this context, risk/reward remains favourable. Advanced Micro Devices share price rose after several analysts increased their price targets for the company based on evidence suggesting it is strengthening its competitive position against fellow chipmaker Intel. This evidence included Microsoft's decision to power its new Surface Laptop 3 with Advanced Micro Devices' processors. Continued strong fundamentals supported stock gains for Hungary-based lender, OTP Bank. The investment team believes earnings will continue to increase, driven by rising net interest margins and healthy operating leverage. OTP's revenue and earnings growth are due in part to acquisitions. Loan growth in its core markets also remains healthy.

The key detractors from relative performance included Shiseido and RealPage. Shiseido's revenue and profits were pressured by the Hong Kong protests and the South Korean boycott of Japanese goods. The latter is a function of tension dating back to the Japanese occupation of the Korean Peninsula. The investment team will continue to follow developments, although it appears these are transitory issues. Although RealPage reported quarterly earnings in line with expectations, its announced acquisition of Buildium sent shares lower. Both companies provide software-as-a-service solutions to the residential real estate market. RealPage has a leading position in a large underpenetrated market, providing a long runway for growth.

## Market Commentary

Global stocks delivered strong performance, supported by positive earnings reports and reduced pessimism on the global economic outlook. Optimism increased as trade and political issues neared resolution. The US and China announced progress toward an initial trade agreement, and December's snap election results reduced political uncertainty around Brexit.

## Outlook

The portfolio continues to invest in companies where the investment team believes that business fundamentals are improving and where they have high conviction that the improvement is sustainable.

The investment team remains biased toward companies where growth is driven by secular rather than cyclical change and believes that it pays to be highly selective at this stage in the economic cycle. Individual opportunities include medical tools and devices companies that are benefitting from research and development spending trends, select Financials given demand for data and analytics as well as information technology companies that are being driven by secular growth trends, such as e-commerce, payment systems, cloud computing and the rollout of 5G technologies.

## Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1031AU
AMP Flexible Super - Retirement account	AMP1363AU
AMP Flexible Super - Super account	AMP1492AU
CustomSuper	AMP1031AU
Flexible Lifetime - Allocated Pension	AMP1020AU
Flexible Lifetime - Term Pension	AMP1041AU
Flexible Lifetime Investment	AMP1054AU
Flexible Lifetime Investment (Series 2)	AMP1427AU
SignatureSuper	AMP2011AU
SignatureSuper Allocated Pension	AMP2017AU

## Contact Details

Web: [www.amp.com.au](http://www.amp.com.au)

Email: [askamp@amp.com.au](mailto:askamp@amp.com.au)

Phone: 131 267



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