

Walter Scott Global Equity

Quarterly Investment Option Update

30 June 2020

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

Investment Option Overview

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

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100.00	96.30
Cash	0.00	3.70

Sector Allocation	%
Information Technology	30.68
Health Care	20.33
Consumer Discretionary	10.73
Consumer Staples	10.21
Industrials	8.89
Communication Services	4.21
Materials	4.16
Financials	2.62
Energy	2.59
Utilities	1.89
Real Estate	0.00

Regional Allocation	%
North America	55.29
Europe ex UK	17.98
Japan	9.08
United Kingdom	5.17
Asia ex Japan	4.51
Emerging Markets	4.27

Top Holdings	%
Microsoft Corp	3.77
Keyence Corp	3.75
Mastercard Inc.	3.14
Taiwan Semiconductor Manufacturing	3.07
Roche Holdings AG	2.87
Edwards Lifesciences Corp	2.79
Adobe Inc.	2.72
AIA Group Ltd	2.62
Novo Nordisk A/S	2.35
Alphabet Inc.	2.34

Portfolio Summary

The strategy underperformed the benchmark for the June quarter.

Investment Option Commentary

From a sector perspective, overweight positioning and holdings in Health Care, such as Edwards Lifesciences, were the largest relative detractor during the month, with Health Care the worst performing sector in the broader market in June, while the Fund's sole holding in Financials, AIA Group, saw that sector contribute positively overall. On a country basis, holdings in the US, such as Waters Corp, were the largest relative detractor, offset by overweight positioning to Hong Kong and Taiwan. It should be noted that Walter Scott selects stocks from the bottom-up, and as such, geographic and sector exposures are the result of the selection of individual companies.

From the outset of the COVID-19 pandemic, Japan embarked on a different course from global counterparts in tackling the spread of the virus, eschewing compulsory shutdowns and instead opting for thorough 'contact tracing'. This month, Walter Scott considers the impact of the COVID-19 pandemic on some of the Japanese companies held within the Investment Option.

Keyence has been displaying its customary resilience, judging by its March quarter results. While management was cautious on the outlook, the March quarter did not show any material COVID-19 related deterioration from the earlier three quarters, with revenues and profits posting only modest declines. While it is likely the full blast of the pandemic has yet to hit, China getting back to normal will ameliorate some of the downdraught.

Motion automation technology company SMC Corporation has experienced very little negative impact on production and supply chains as a result of the COVID-19 outbreak. SMC products tend to use relatively few components, with many made internally, and has not suffered from supplier disruptions. Recently announced full-year results have reflected the protracted US China trade frictions, a suspension of capital expenditure in a wide range of industries, and the onset of the pandemic, but despite the uncertain outlook, this highly cash-generative company has no plans to slow down its investments that it sees as critical for long-term growth.

Within the portfolio, there were no initial purchases or final sales during the month.

Outlook

Though Walter Scott has no certainty on what the world will look like years from now, experience has taught that it is well managed, conservatively financed, innovative businesses run by the best people, the kind of companies Walter Scott seeks to invest in, that can turn change to their advantage and prosper 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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