

Zurich American Century Global Growth

Quarterly Investment Option Update

30 June 2020

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

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	98.1
Cash	0	1.9

Sector Allocation	%
Communication Services	5.5
Consumer Discretionary	13.3
Consumer Staples	4.5
Energy	2.9
Financials	14.8
Health Care	16.0
Industrials	8.5
Information Technology	20.1
Liquids	1.9
Materials	6.4
Real Estate	6.1
Utilities	0.0

Regional Allocation	%
US	72.8
Canada	0.8
UK	3.8
Europe	10.6
Asia ex-Japan	3.6
Japan	4.3
Emerging Markets	2.2
Cash	1.9

Top Holdings	%
Amazon.com Inc	4.2
Alphabet Inc	3.1
Visa Inc	2.3
Equinix Inc	2.3
Adobe Inc	1.9
Lowe's Cos Inc	1.9
Alibaba Group Holding	1.9
American Express Co	1.6
AIA Group Ltd	1.6
Texas Instruments	1.5

Portfolio Summary

- The ongoing need for reliable remote access and home office upgrades support trends in information technology.
- R&D growth supporting health care names. Medical devices and equipment, tools, diagnostics and production companies continue to perform well, outpacing traditional biotech and pharma names.

Investment Option Commentary

The Fund performed strongly in the June quarter and was comfortably ahead of the index return.

Contributors

Etsy – The online niche retailer continued to benefit from an increase in consumers engaging in online shopping during the pandemic. Share strength was also supported by news that several analysts had increased their price target for the stock.

Lowe's Companies - An increase in do-it-yourself home improvement projects as people stayed safe at home during the pandemic contributed to stronger-than-expected quarterly sales growth for the home improvement retailer.

Detractors

L3Harris Technologies - Estimates of up to a 75% decline in services revenue for airplane maintenance and spare parts manufacturers weighed on aerospace companies, including aerospace defence and technology company L3Harris.

AIA Group - The stock of the Hong Kong-based insurer underperformed the market amid anti-government protests and rising tensions between China and the US, as China moved forward with a national security law that removes Hong Kong's autonomy. However, underlying growth trends remain intact and AIA should benefit from a long-lasting secular growth tailwind.

Market Commentary

Government stimulus measures and investor optimism for a quick recovery led to one of the strongest quarters in memory, despite heightened volatility. However, a disconnect remains between stock performance and economic conditions in most markets.

Outlook

The Investment Option continues to invest in companies where business fundamentals are improving, and conviction is high that improvement is sustainable. Though the outbreak of COVID-19 has been disruptive, the Investment Option's major themes highlighted below are structurally unchanged.

Ongoing work-at-home and remote access trends drive technology gains - The ongoing need for reliable remote access and home office upgrades support trends in information technology. These include digitalisation, cloud computing, 5G network rollout and data center expansion. The Investment Option owns firms that facilitate the proliferation of data and information (e.g., data centres, data infrastructure, 5G equipment) as well as software-as-a-service names providing mission critical software support.

R&D growth supporting health care names - Medical devices and equipment, tools, diagnostics and production companies continue to perform well, outpacing traditional biotech and pharma names. Such names are benefiting from increased research and development needed for an aging population. Companies involved in production of testing equipment and life sciences tools and diagnostics are also seeing sustainable growth due to the ongoing public health crisis.

Communication services gains driven by increased cell tower demand - Companies in the business of developing and leasing cell towers remain attractive. Opportunities are driven by contracted annual price escalators and long-term contracts with a duration of five to 10 years or more. These names have minimal variable costs and feature a predictable range of outcomes likely to be less affected by the virus. 5G investment is expected to remain a powerful incremental growth driver.

Specialised retailers benefiting from stay-at-home trend - Home improvement retailers serving the do-it-yourself market, big-box stores with exposure to remote computing and home office equipment, and specialty retailers focused on in-home activities such as crafts and games are gaining despite the general decline in retail that began before the pandemic.

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

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