

Walter Scott Global Equity

Quarterly Investment Option Update

31 December 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/performance

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	97.39
Cash	0.00	2.61

Sector Allocation	%
Information Technology	33.39
Health Care	19.98
Consumer Discretionary	12.52
Consumer Staples	9.36
Industrials	9.05
Materials	4.67
Communication Services	4.46
Financials	2.71
Energy	1.25
Utilities	0.00
Real Estate	0.00

Regional Allocation	%
North America	56.49
Europe ex UK	17.48
Japan	9.73
United Kingdom	5.07
Emerging Markets	4.65
Asia ex Japan	3.97

Top Holdings	%
Taiwan Semiconductor Manufacturing	4.65
Keyence Corporation	3.98
Microsoft Corporation	3.24
MasterCard Inc.	2.99
Edwards Lifesciences Corporation	2.90
Adobe Inc.	2.71
Roche Holdings	2.50
NIKE Inc.	2.47
AIA Group	2.46
Cognizant Technology Solutions	2.39

Investment Option Commentary

Taiwan Semiconductor (TSMC) was among the top individual contributors to performance during the quarter. The fourth quarter closed a very strong 2020 for TSMC after it reported a set of guidance-beating Q3 results. The company is seeing good demand from smartphone semiconductor content and high performance computing. Encouragingly, guidance for the final quarter of 2020 was similarly robust and management now expects to see revenue grow by 30% for the year. This positive outlook extends into 2021 and 2022.

Reckitt Benckiser (RB) was among the top individual detractors from performance during the quarter. As the world's leading consumer health and hygiene company, RB saw demand for its products accelerate significantly as a result of the COVID-19 pandemic. However, there was some profit taking in the final quarter of the year given the positivity around vaccine developments. Overall, 2020 was characterised by business resilience, agility and strong execution. The company's strategic plan outlined in February is progressing well, and RB is investing in growing its Dettol and Lysol brands, driving e-commerce growth and building its professional services offering.

During the quarter, Walter Scott completed the initial purchases of **Canadian National Railway** and **Paychex**, and the final sales of **CNOOC** and **EOG Resources**.

Market Commentary

In the fourth quarter, two events helped to maintain market momentum. The eventual outcome of the US presidential election provided some clarity on the direction of the next administration and the prospect of further fiscal stimulus. And, more pertinently, the imminence of a number of COVID-19 vaccines turbo-charged markets – even in spite of rising infection rates and further restrictions in various countries.

Outlook

From a macroeconomic perspective, governments and central banks are likely to continue their supportive fiscal and monetary policies, with interest rates set to remain low. Markets are certainly predicting a very rapid earnings recovery in 2021. In such times, Walter Scott remains cautiously optimistic. Share prices look to be ahead of profit expectations, a situation the investment team will continue to watch closely. From retail to energy to working from home, there have been such huge structural changes this year that it's hard not to be cynical about a straightforward recovery. But, over the medium to long term, Walter Scott believe that equities will continue to deliver better returns than other asset classes. Walter Scott's focus remains on high-quality companies with robust financials and the ability to adapt and innovate irrespective of the broader macroeconomic environment.

Availability

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

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