

Zurich American Century Global Growth

Quarterly Investment Option Update

31 December 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/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	96.8
Cash	0	3.2

Sector Allocation	%
Communication Services	7.2
Consumer Discretionary	11.4
Consumer Staples	5.5
Energy	2.7
Financials	16.9
Health Care	9.7
Industrials	9.4
Information Technology	22.6
Cash	3.2
Materials	5.5
Real Estate	5.4
Utilities	0.5

Regional Allocation	%
US	69.9
Canada	0.6
UK	3.4
Europe	12.2
Asia ex-Japan	6.6
Japan	3.1
Latin America	1.0
Cash	3.2

Top Holdings	%
Amazon.com Inc	3.9
Alphabet Inc	3.8
Visa Inc	2.2
Texas Instruments Inc	2.0
Equinix Inc	1.9
AIA Group Ltd	1.8
American Express Co	1.8
NXP Semiconductors NV	1.7
Aptiv PLC	1.6
Adobe Inc	1.6

Investment Option Commentary

The Fund produced a solid return in the December quarter which was ahead of the index return. For the 12 months to December 2020, the Fund is comfortably ahead of the index.

The key contributors to performance included Roku, Aptiv and Samsung Electronics.

Roku – The streaming provider continued its upward climb, as the pandemic kept consumers at home and watching more TV. Roku's deal with HBO to provide HBO Max content boosted the run late in the quarter.

Aptiv – The electric vehicle company rallied during the period on strong earnings reporting. The electric automobile industry saw a boost from the US election as the Biden administration is considered pro green technologies.

Detractors from performance included Alibaba Group Holding and Equinix.

Alibaba Group Holding – The e-commerce giant saw its stock price fall as Chinese regulators investigate its financial services arm, Ant Group. Ant Group's initial public offering cancellation last month followed founder Jack Ma's criticism of China's increasingly heavy financial regulations.

Market Commentary

The December quarter saw global equity market leadership broaden as share prices of businesses that were directly impacted by the health crisis, such as travel, entertainment, and leisure, started to recover as investors looked forward to economic reopening. Through the latter half of 2020, investors bid up more cyclical businesses in anticipation of an inflection in global economic growth.

Global markets have quickly priced to accommodate economic recovery after positive vaccine news from three separate drug companies. Market leadership has shifted from defensive stay-at-home stocks, which have led year to date, to cyclically oriented names as the potential for normalised economic activity improves. Beneficiaries included banks, travel, energy, commodities and automobile stocks.

Outlook

The portfolio continues to invest in companies where business fundamentals are believed to be improving and there is high conviction that the improvement is sustainable.

The investment team are focused on discovering companies with sustainable growth drivers and the financial strength to navigate the current environment. However, they have started to look for opportunities where fundamentals are in the early stages of inflecting higher, helped by economic normalisation.

In many instances, these opportunities are being made available at attractive risk/reward levels. Some of these businesses, which currently sport low multiples, have the potential to generate higher returns as the economic cycle turns, demand recovers and earnings reaccelerate from a very low base. The investment team has selectively increased the Fund's exposure in certain businesses levered to travel, leisure activity and cyclical economic expansion.

Secular growers remain attractive with the recent health crisis reinforcing the sustainability of many secular trends, such as digitisation, cloud computing, 5G network rollout and data centre expansion. While other opportunities continue to gain momentum, including the trend toward vehicle electrification and autonomous driving, many of these investment opportunities remain highly attractive.

The impact of the COVID-19 health crisis provided an unanticipated boost for many businesses. In some cases, COVID-19 beneficiaries saw growth trends accelerate past a more natural progression. As the tailwind from the virus fades, growth comparisons will become tougher for some of these businesses over the next few quarters. The investment team will look to trim those exposures to reflect potential slowing trends and negative earnings revisions.

The investment team believes the portfolio is balanced and not overly exposed to high-momentum COVID-19 beneficiaries. The Fund's bottom-up process, focus on identifying inflection points and investing in sustainable growers with reasonable risk/reward trade-off, should help dampen portfolio volatility at this critical point in the market cycle.

Availability

Product Name	APIR Code
AMP Flexible Super - Super	AMP1492AU
AMP Flexible Super - Retirement	AMP1363AU
CustomSuper	AMP1031AU
Flexible Lifetime - Super	AMP1031AU
Flexible Lifetime - Allocated Pension	AMP1020AU
Flexible Lifetime - Term Pension	AMP1041AU
Flexible Lifetime - Investments (Series 1)	AMP1054AU
Flexible Lifetime - Investments (Series 2)	AMP1427AU
SignatureSuper	AMP2011AU
SignatureSuper - Allocated Pension	AMP2017AU

**Closed to new and existing investors

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