

# Zurich American Century Global Growth

Quarterly Investment Option Update

31 March 2021

## 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](http://amp.com.au/performance)

## 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	97.6
Cash	0	2.4

Sector Allocation	%
Communication Services	8.2
Consumer Discretionary	11.9
Consumer Staples	5.1
Energy	3.0
Financials	16.9
Health Care	10.2
Industrials	10.2
Information Technology	21.2
Cash	2.4
Materials	5.6
Real Estate	4.9
Utilities	0.4

Regional Allocation	%
US	70.9
Canada	0.7
UK	2.2
Europe	13.1
Asia ex-Japan	6.8
Japan	2.9
Latin America	1.0
Cash	2.4

Top Holdings	%
Alphabet Inc	4.4
Amazon.com Inc	3.6
Texas Instruments Inc	2.1
Charles Schwab Corp	2.1
NXP Semiconductors	2.1
Visa Inc Class A	2.0
American Express Co	2.0
AIA Group Ltd	1.8
Equinix Inc	1.7
Lowe's Companies Inc	1.7

## Investment Option Commentary

The Fund produced a solid absolute return for the March quarter but was unable to keep pace with the impressive index return. For the 12 months to 31 March 2021, the Fund is comfortably ahead of the index return.

The key contributors to performance included NXP Semiconductors and The Charles Schwab Corp.

- NXP Semiconductors – Demand shifts for automobile microchips during the pandemic caused a shortage of semiconductors. NXP Semiconductors' stock rose along with other chipmakers on this development.
- The Charles Schwab Corp – The financial manager's stock rose, driven by its Ameritrade acquisition and resulting net asset growth and cost synergies. Reports following the GameStop-Robinhood fiasco also helped. While regulators could ban payment for order flow, The Street believes Schwab could internalise that flow, gaining market share.

Detractors from performance included London Stock Exchange Group, ServiceNow and B3.

- London Stock Exchange Group – The stock exchange operator declined on concerns that regulatory changes in the UK will pave the way for blank-check companies to enter the market and subsequently cause them to become frothy. In addition, the company reported a substantial profit warning due to higher investment costs. As a result, the investment team made the decision to exit the stock.
- ServiceNow - Shares of the provider of enterprise cloud computing solutions were lower as investors rotated away from stocks that performed strongly during the pandemic. However, the investment team believes that the investment thesis remains intact and the company is poised to benefit from a recovery of large-scale projects delayed during the pandemic.
- B3 – The Brazil-based stock exchange declined amid economic tightening and higher interest rates.

## Market Commentary

Global stocks advanced in the March quarter as rising growth expectations boosted cyclicals. The broadening out of equity market leadership from COVID-19 beneficiaries to include economic cyclicals continued to gain momentum in tandem with US vaccination distribution. Demand for energy and industrial metals, such as copper, has been supportive of stock prices for companies in those sectors. In contrast, returns for secular growers were muted.

The inflation debate heated up as the recovery of economic activity and the relatively slower ramp-up of production capacity, along with fiscal spending, fed short-term inflation expectations. The US central bank also signalled its willingness to let inflation run hotter. The sustainability of long-term inflation, however, will be dependent on structural factors such as demographics and productivity improvement.

## 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.

**Maintaining fundamental investment process.** The investment team remains focused on identifying companies with sustainable growth drivers and the financial strength to navigate the current environment. Opportunities are being sought in stocks where fundamentals are in the early stages of inflecting higher, helped by economic normalisation. The Fund's exposure has been increased in certain businesses levered to travel, leisure activity and cyclical economic expansion.

**Secular growers remain well represented.** The health crisis reinforced the sustainability of secular trends such as digitisation, cloud computing, the 5G network rollout and data centre expansion. Meanwhile, other opportunities continue to gain momentum, including the trends toward vehicle electrification and autonomous driving. Many of these investment opportunities remain highly attractive.

**Impact of rising interest rates and inflation expectations potentially positive.** The Fund has exposure to businesses within the financials sector that would benefit from higher interest rates. The impact of higher rates on other aspects of the Fund, such as REITs and housing companies, should be able to offset inflationary headwinds via sustained revenue and earnings growth.

**Tougher comparisons for some.** The impact of the COVID-19 health crisis provided an unanticipated boost for many businesses. In some cases, 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.

**Critical time to be selective.** The investment team believes the Fund's bottom-up process, focused on identifying inflection points and investing in sustainable growers with reasonable risk/reward trade-off, will 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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