

Zurich American Century Global Growth

Quarterly Investment Option Update

31 December 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

Investment Option Overview

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

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	97.8
Cash	0	2.2

Sector Allocation	%
Communication Services	9.4
Consumer Discretionary	11.6
Consumer Staples	3.5
Energy	3.0
Financials	13.9
Health Care	11.8
Industrials	11.6
Information Technology	21.1
Cash	2.2
Materials	6.2
Real Estate	5.0
Utilities	0.7

Regional Allocation	%
US	73.8
Canada	1.9
UK	2.7
Europe	12.5
Asia ex-Japan	3.9
Japan	2.0
Latin America	1.0
Cash	2.2

Top Holdings	%
Alphabet Inc	5.1
Microsoft Corp	4.8
Amazon.com Inc	3.6
Texas Instruments Inc	2.2
Lowe's Cos Inc	2.1
NXP Semiconductors	2.1
Charles Schwab Corp	2.0
American Express Co	1.7
Equinix Inc REIT	1.7
Astrazeneca PLC	1.7

Investment Option Commentary

The Fund produced solid return for the quarter but was unable to outperform the impressive index return.

The key positive contributors to performance included Lowe's Companies, Advanced Micro Devices and NXP Semiconductors.

- Lowe's Companies – Amid the pandemic-driven surge in home improvement projects, Lowe's has seen revenue growth in its professional contractors segment. Lowe's reported strong third-quarter earnings and raised its full-year guidance, affirming for investors that its strong sales momentum continues.
- Advanced Micro Devices –The chipmaker's stock gained after reporting strong results driven by sustained investments by data centres. The company continues to gain market share from key competitors.
- NXP Semiconductors – A global shortage of chips and strength in the automobiles industry drove sales for NXP, a maker of chips that connect vehicles to the internet. Third-quarter revenue increased 26% year over year. In addition, expectations of growth in interconnected electric vehicles continue to bode well for the company.

Detractors included Singapore-based e-commerce giant Sea, which underperformed as investors weighed its ability to continue to expand its e-commerce franchise globally. Despite the recent performance, the investment team believe business fundamentals remain supportive of the investment thesis.

Market Commentary

Global markets rallied in the December quarter, despite uncertainty around the Omicron variant. Spikes in infection and hospitalisation rates led to new mobility restrictions, which investors feared could dampen economic growth. However, news that Omicron may deliver milder symptoms and lower mortality rates improved investor confidence. While uncertainty around this variant remained, shorter isolation period requirements improved the outlook.

Ongoing inflation concerns and higher interest rates expectations weighed on markets. Noting the highest inflation data in decades, central banks shifted toward policies to tighten monetary supply. In the US, the Federal Reserve signalled intent to accelerate tapering and to raise rates in 2022. Anticipation of higher rates weighed on long-duration growth stocks, including information technology, for much of the period.

Outlook

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

Maintaining fundamental investment process. The Fund remains balanced across economic reopening beneficiaries and secular growers. Opportunities are being sought in stocks where fundamentals are in the early stages of inflecting higher, helped by economic normalisation. Top-line growth for many of these companies is expected to reaccelerate and potentially revert to pre-COVID-19 levels. In certain cases, earnings will also be boosted given that many of these companies have also improved their cost structures during the pandemic. 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 COVID-19 crisis reinforced the sustainability of many secular trends, such as digitisation, cloud computing, 5G network rollout and data centre expansion. Other opportunities, such as the trend toward vehicle electrification and autonomous driving, continue to gain momentum. Many of these investment opportunities remain highly attractive.

Opportunities in the potential for increased infrastructure spending. The US investment plan is expected to benefit select companies exposed to improving physical infrastructure assets, such as roads, bridges, ports and airports, as well as the electric grid.

Impact of rising 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, should be able to offset inflationary headwinds via sustained revenue and earnings growth.

Spending may shift toward experiences over goods. As the tailwind from COVID-19 fades, growth

comparisons will become tougher for some businesses. The timing of those earnings comparisons varies by sector; some firms will see tougher comparisons to fourth-quarter 2020 data. Further marginal expenditure growth is expected to be focused on experiential companies (e.g., restaurants and travel) after last year's increased spending on home goods and technology.

Availability

Product name	APIR
SignatureSuper*	AMP2011AU
SignatureSuper Allocated Pension*	AMP2017AU
SignatureSuper Term Pension*	AMP2017AU
Flexible Lifetime Investment (Series 1)**	AMP1054AU
Flexible Lifetime Investment (Series 2)**	AMP1427AU

*Closed to new investors

**Closed to new and existing investors

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