

Zurich American Century Global Growth

Quarterly Investment Option Update

30 September 2018

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

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	97.9
Cash	0	2.1

Regional Allocation	%
US	65.7
Canada	0.6
UK	6.8
Europe	12.7
Asia ex-Japan	4.9
Japan	3.7
Emerging Markets	3.4
Cash	2.1

Sector Allocation	%
Communication Services	0.0
Consumer Discretionary	10.5
Consumer Staples	5.9
Energy	4.9
Financials	21.2
Health Care	15.5
Industrials	10.5
Information Technology	22.4
Liquids	2.1
Materials	4.3
Real Estate	2.8
Utilities	0.0

Top Holdings	%
Alphabet	3.7
Visa Inc	2.3
Unitedhealth Group	2.1
Adobe Systems	2.1
Home Depot Inc	2.1
AIA Group Ltd	1.8
American Express Co	1.7
Danaher Corp	1.7
Equinix	1.7
Becton Dickinson	1.7

Portfolio Summary

- Key positive contribution in the September quarter came from Lonza Group and Worldpay group. Negative contributors included Tencent and ZOZO.
- US stocks led global equities higher while results outside of the US were mixed
- The investment team is finding opportunities in Financials, Information Technology, Industrials and Emerging Markets.

Investment Summary

Positive contributors in the quarter include Lonza Group and Worldpay Group. Pharmaceutical integrations solutions provider, Lonza Group, reported strong quarterly financial results, beating both revenue and earnings estimates as more pharmaceutical firms turn to outsourcing. Worldpay Group gained after beating analysts' second-quarter earnings estimates. The group reported a substantial quarterly increase in net revenue driven primarily by its technology solutions. In addition, management raised its full-year forecast.

Negative contributors included Tencent and ZOZO. Tencent Holdings shares were weak with the sell-off in technology stocks. Furthermore, a delay in governmental approvals to monetise new online games negatively impacted earnings. The investment team believe that approvals are forthcoming and that Tencent has a significant opportunity to continue driving advertising revenue growth. Shares of e-commerce firm ZOZO (formerly Start Today) declined on news that earnings missed consensus estimates. The disappointment stemmed from higher costs associated with the launch of its private-label initiative. Despite the higher costs, ZOZO's core fundamentals remain strong and new initiatives should lead to higher profitability.

Market Commentary

US equities led global stocks higher during the period, boosted by strong macroeconomic and corporate earnings results. Second-quarter GDP growth was strong, consumer and business confidence remained solid, and capital expenditures spending improved. Results outside the US were mixed. European corporate earnings growth showed signs of moderation, albeit still healthy and trending above historical averages. Emerging markets were challenged as a strong US dollar, escalating trade wars, and contagion fears from currency weakness in Argentina and Turkey presented headwinds.

Outlook

Financials remains a notable sector overweight. Within this sector, the Fund is invested in companies that will benefit from the rising penetration of financial products and services in emerging markets. Likewise, the investment team have identified opportunities in several nonbank financial companies that provide mission-critical data and analytics to their respective customers. Finally, the Fund remains invested in several US banks that are expected to benefit from the gradual rise in US interest rates and a strengthening economy.

Information technology provides attractive secular growth opportunities. Investments within the sector represent companies that benefit from long-lasting, multiyear trends and opportunities such as the shift of advertising budgets to the online space, online retail, electronic payment, cloud computing, and rollout of 5G technologies.

Investing in industrials with pricing power and clear earnings inflection. Investments in the industrials sector are generally high margin names that have the pricing power to pass through rising input and raw material costs. Most recent additions include industrial conglomerates Honeywell and rail operator Union Pacific, which both engaged in cost restructuring initiatives that should lead to higher profitability.

Opportunities in emerging markets despite recent challenges. While acknowledging weakness in the space, the investment team remains constructive on several emerging markets-based companies, such as technology firms Tencent Holdings and Alibaba Group Holding. Both are respective leaders in their industries with vast growth opportunities.

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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