

Zurich American Century Global Growth

Quarterly Investment Option Update

31 December 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	70.6
Canada	0.5
UK	4.8
Europe	9.3
Asia ex-Japan	5.4
Japan	4.1
Emerging Markets	3.2
Cash	2.1

Sector Allocation	%
Communication Services	5.0
Consumer Discretionary	8.7
Consumer Staples	6.0
Energy	4.6
Financials	20.7
Health Care	16.6
Industrials	10.5
Information Technology	18.7
Liquids	2.1
Materials	4.1
Real Estate	3.2
Utilities	0.0

Top Holdings	%
Alphabet	3.8
Amazon.com Inc	2.7
Visa Inc-Class A	2.3
UnitedHealth Group	2.1
Adobe Systems	2.0
Danaher Corp	2.0
Equinix	1.8
Home Depot Inc	1.8
American Express Co	1.8
Becton Dickinson	1.6

Portfolio Summary

- Key positive contribution in the December quarter came from B3 and MarketAxess Holdings. Negative contributors included Grupo Financiero Banorte and EOG Resources.
- Financials holdings boosted returns. Strong performance from emerging markets banks, nonbank financials, and financial data providers helped the sector contribute to relative performance.
- Stock selection in information technology added to performance. Keysight Technologies, a maker of electronic testing and measurement equipment, was a top contributor. Not owning Apple also helped, as the prominent IT name suffered on news of slowing iPhone sales amid lower demand from China.
- Consumer discretionary names weighed on performance. Slowing global growth, particularly due to a slowdown in China, weighed on consumer companies such as apparel makers ZOZO and Canada Goose Holdings.
- Opportunities in financials beyond banks. The investment team continues to find opportunities with companies positioned to benefit from increasing penetration of financial services in emerging markets, digital payments, and nonbank financials.
- Underweight Europe. Earnings growth remained stagnant after prolonged fiscal stimulus programs in Europe. Despite weakness in emerging markets, attractive opportunities exist.

Investment Summary

The key contributors to performance included B3 and MarketAxess Holdings. Financial exchange operator B3 rallied with the broader Brazil equities market following the election of the nation's new president, who is perceived as pro-business and good for the economy. B3 should continue to benefit from rising stock market volatility and increased trading volumes. Shares of electronic trading platform operator MarketAxess Holdings were lifted by higher trading volumes and stronger-than-expected quarterly earnings. The company's revision to full-year guidance also supported stock gains.

The key detractors from performance included Grupo Financiero Banorte and EOG Resources. Grupo Financiero Banorte declined on concerns that Mexico's new government may negatively impact the economy. Investors weighed the consequences of news around the potential cancellation of a long-awaited airport project and the impact of a proposal by the new government to curb excessive banking fees. EOG Resources declined along with other energy producers as the underlying price of crude oil fell on concerns around demand and the global economy. Additionally, exemptions granted to certain countries around importation of Iranian oil further eased investor anxiety around supply constraints.

Market Commentary

Slowing global economic growth, falling oil prices, trade tensions, and political uncertainty in the US and UK contributed to sharp market volatility in the fourth quarter. Most global stock indices ended the quarter and calendar year lower in US dollars. Non-US stocks slightly outperformed US stocks for the quarter but lagged for the 12-month period. Emerging markets fell but outperformed developed markets.

Outlook

The portfolio continues to invest in companies where the investment team believes that fundamentals are strong and improving but share price performance does not fully reflect these factors. The investment team retains a bias for companies that are beneficiaries of long-lasting secular growth drivers, have a relatively high level of revenue visibility or are exhibiting company-specific growth drivers. The team is currently finding opportunities in financials beyond banks, in medical tools and devices and technology companies that are benefitting from multiyear trends, such as the shift of advertising budgets to the online space, electronic payments and the rollout of 5G technologies.

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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