

Zurich American Century Global Growth

Quarterly Investment Option Update

30 June 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	6 / High
Investment style	Growth
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	97.1
Cash	0	2.9

Sector Allocation	%
Communication Services	9.4
Consumer Discretionary	11.3
Consumer Staples	4.7
Energy	3.0
Financials	15.2
Health Care	10.6
Industrials	10.3
Information Technology	21.7
Cash	2.9
Materials	5.6
Real Estate	4.9
Utilities	0.4

Regional Allocation	%
US	68.6
Canada	0.7
UK	2.7
Europe	14.4
Asia ex-Japan	6.6
Japan	3.1
Latin America	1.0
Cash	2.9

Top Holdings	%
Alphabet Inc	4.8
Amazon.com Inc	3.6
Texas Instruments Inc	2.2
Visa Inc Class A	2.1
Charles Schwab Corp	2.1
American Express Co	2.0
NXP Semiconductors	2.0
Equinix Inc	1.8
IQVIA Holdings Inc	1.8
AIA Group Ltd	1.7

Investment Option Commentary

The Fund produced a solid absolute return in the June quarter, edging ahead of the index return. For the 12 months to 30 June 2021, the Fund is also ahead of the index return.

The key contributors to performance included IQVIA Holdings, Avantor and Vertiv Holdings.

- IQVIA Holdings – The life sciences analytics and technology firm beat quarterly revenue and earnings expectations and revised full-year estimates upward. Driving gains are a contract to manage a COVID-19 clinical trial and the move to full ownership of Q2 Solutions, previously co-owned with Quest Diagnostics.
- Avantor – Strong quarterly earnings growth lifted the stock of Avantor, a developer of scientific and technical instruments. Avantor has announced plans to purchase RIM Bio, a China-based maker of single-use bioprocess bags, allowing the company to build its presence in the single-use manufacturing network in the Americas and Europe.
- Vertiv Holdings – Stronger than expected first quarter revenue lifted shares of the electronic instrument and controls firm. Top-line growth is benefiting from strong demand for electrical and cooling systems at data centres. Management guidance continues to sound very supportive of its current growth trajectory.

Detractors from performance included HDFC Bank which fell as investors digested cautionary comments by management around asset quality. Despite the short-term uncertainties, HDFC Bank remains poised to benefit from expanding middle-class demand for banking services and mortgages. India's consumer credit market remains underpenetrated.

Market Commentary

Global equities rose in the June quarter although inflation expectations worried markets as the US Federal Reserve signalled that it may taper asset purchases and/or raise rates sooner than anticipated. The strong rally in cyclicals, commodities and rate-sensitive sectors moderated during the period with growth stocks outperforming value stocks, however, value continues to hold an edge on a year-to-date basis.

Outlook

The portfolio 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.

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.

Tougher comparisons for some. 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 COVID-19 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 Fund's bottom-up process, which is focused 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
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

**Closed to new and existing investors

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