Zurich American Century Global Growth

Quarterly Investment Option Update

30 September 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	99.4
Cash	0	0.6

Sector Allocation	%
Communication Services	9.6
Consumer Discretionary	11.0
Consumer Staples	4.1
Energy	3.5
Financials	14.4
Health Care	12.5
Industrials	12.2
Information Technology	21.4
Cash	0.6
Materials	5.1
Real Estate	5.0
Utilities	0.5

Regional Allocation	%
US	69.7
Canada	1.2
UK	3.2
Europe	16.2
Asia ex-Japan	5.6
Japan	2.7
Latin America	0.9
Cash	0.6

Top Holdings	%
Alphabet Inc	4.9
Amazon.com Inc	3.6
Microsoft Corp	3.0
Texas Instruments	2.2
Charles Schwab Corp	2.1
American Express Co	2.1
Visa Inc	2.0
Avantor Inc	1.9
NXP Semiconductors	1.9
Astrazeneca PLC	1.8

Investment Option Commentary

The Fund produced a solid return or the quarter but was unable to keep pace with the strong index return.

The key contributors to performance included Alphabet, Avantor and ICON.

- Alphabet – Google's parent company saw its stock gain amid economic reopening and a subsequent recovery in advertising spending. Consensus-beating earnings and operating income added to the stock's strength. Alphabet continues to benefit from the reallocation of advertising budgets from traditional media to the digital space.
- Avantor – The specialty chemicals maker's stock gained ground as it beat quarterly earnings and revenue estimates. Avantor's COVID-19 tests have become more widespread, and the market reacted positively to its plans to buy Masterflex, a bioprocessing business that supports medicine and vaccine development, including messenger RNA.
- ICON – The pharmaceutical research and development firm saw its stock advance as it continued to report strong improvement in its backlog due to net new business won. Organic growth and the recent acquisition of PRA Health Sciences should drive continued improvement in fundamentals.

Detractors from performance included Roku, B3 and Tencent Music Entertainment Group

- Roku – The streaming company faltered during the period, as loosening pandemic restrictions allowed customers more access to alternative entertainment, semiconductor shortages pressured production of its hardware and competition ramped up from Google TV.
- B3 – Shares were lower on concern that rising interest rates will negatively impact fixed income issuance and registration. The investment team believes the maturation of financial markets in Brazil is just getting started and the long-term opportunity for B3 remains sound.
- Tencent Music Entertainment Group - Chinese regulators announced they would bar Tencent Music from exclusive music copyright agreements and fined the company for unfair market practices in the online music market.

Market Commentary

Uncertainty on several fronts rattled the markets as Delta variant-driven hospitalisation rates spiked, although they appeared to plateau in many regions toward the end of the quarter. New regulations in China weighed on several sectors and raised the possibility of further volatility while supply chain disruptions and labour shortages continued to pressure some industries, including logistics, semiconductors and hospitality.

Higher inflation and interest rates expectations continued to worry investors as persistent inflation data led the US Federal Reserve to firm up their tapering language and raise the possibility of a 2022 rate hike. Passage of an infrastructure spending bill and the chance that Congress would fail to raise the US debt ceiling pushed short-term rates higher.

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.

Opportunities in the potential for increased infrastructure spending. While the final US investment plan continues to work its way through the legislative process, companies exposed to improving physical infrastructure assets and the electric grid are expected to be beneficiaries.

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 in the third quarter, while others will face difficult comparisons to fourth-quarter 2020's data.

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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