

Zurich American Century Global Growth

Quarterly Investment Option Update

30 June 2022

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	99.3
Cash	0	0.7

Sector Allocation	%
Communication Services	7.8
Consumer Discretionary	10.5
Consumer Staples	4.9
Energy	4.7
Financials	16.5
Health Care	13.7
Industrials	8.7
Information Technology	19.8
Cash	0.7
Materials	6.1
Real Estate	6.7
Utilities	0.0

Regional Allocation	%
US	73.7
Canada	3.5
UK	3.1
Europe (ex-UK)	11.2
Asia ex-Japan	4.6
Japan	2.1
Latin America	1.2
Cash	0.7

Top Holdings	%
Microsoft Corp	5.2
Alphabet Inc	4.5
Amazon.com Inc	3.4
AstraZeneca PLC	2.6
Cheniere Energy Inc	2.0
Equinix Inc REIT	2.0
AIA Group Ltd	1.9
IQVIA Holdings Inc	1.8
Mastercard Inc	1.8
ServiceNow Inc	1.7

Investment Option Commentary

The Fund fell in the June quarter with the market and was unable to outperform the index return.

Monster Beverage was a key contributor in the quarter following signs that the company's share loss in the US has stabilised and that competitor, Red Bull, has lost market share. Other positives included approval of a \$500 million stock repurchase plan and speculation that Monster remains an acquisition target by a large global beverage company.

The key detractors included Amazon, Wolfspeed and Workday.

Amazon - The e-commerce giant's shares fell as rising interest rates and inflation drove fears that consumer spending would not continue its recovery. Despite potential earnings revisions, Amazon's leading position should insulate it from the worst of the downturn.

Wolfspeed - The semiconductor maker reported quarterly revenue below consensus estimates. The company attributed its disappointing results to COVID-19-related shutdowns at some of its subcontractors in China.

Workday – The enterprise software maker lost ground after falling short of first-quarter earnings estimates. The company cited the delay of several deals, which were pushed back to the second quarter. However, quarterly subscription growth grew and fiscal 2023 guidance increased slightly.

Notable purchases in the quarter included VeriSign and The Williams Cos.

VeriSign was purchased after its disappointing quarterly reporting drove a sell-off. The company's lower yearly domain name volume assumptions came amid slowing incremental demand and macroeconomic risks. Shares have derated, and the investment team believes revenue will accelerate as the company benefits from pricing over the next 24 months.

The Williams Cos. is one of the leading providers of infrastructure that safely delivers natural gas in the US. Rising US natural gas production should drive Williams' growth as volumes and demand for transportation rise, both in the US and globally, and customers look to replace Russian natural gas.

Notable sales included Texas Instruments and Adobe.

Texas Instruments was sold as the investment team believes the demand environment will slow. Shares have performed well relative to the index over the Fund's holding period and the investment team took profits and redeployed the proceeds to other higher-conviction ideas.

The investment team took profits on Adobe as they see better opportunities in the technology sector, plus the last earnings report was marginally disappointing.

Market Commentary

An abundance of bad news pressured growth stocks in the June quarter. Concerns about inflation, interest rates and Ukraine supported traditional value investments at the expense of growth. Energy, materials and financials continued to outperform amid supply chain shortages and higher interest rates. Longer-duration, traditionally growth-oriented sectors, including information technology and communication services, lagged.

Outlook

The Fund continues to invest in companies where business fundamentals are improving and there is high conviction that improvement is sustainable. Though the outbreak of COVID-19 has been disruptive, the portfolio's major themes highlighted below are structurally unchanged.

Secular growth remains well represented. As economic growth slows in reaction to tighter monetary policies and rising costs, businesses tied to structural drivers rather than growth that relies on a cyclical tailwind, are preferred. Business models with a higher degree of earnings sustainability and predictability are also favoured. The Fund continues to have exposure to many secular trends, such as digitisation, cloud computing, 5G network rollout, data centre expansion and vehicle electrification.

The Fund's exposure to businesses with a cyclical element to growth is focused on a handful of opportunities such as investments tied to the automobiles industry, specifically those companies benefiting from trends such

as vehicle electrification. Global automobile demand is expected to remain strong despite the risk of slowing macroeconomic growth. The Fund also selectively holds businesses tied to travel and mobility. As COVID-19 continues to fade, marginal expenditure growth is expected to be focused on experiential companies (e.g., restaurants and travel) and incrementally less spending on last year's beneficiaries such as home goods and technology. The Fund also has exposure to businesses within the financials sector (e.g., lenders and insurers) that would benefit from higher interest rates.

The investment team remains selective in emerging markets, despite a derating of many stocks. A strong US dollar and tighter monetary policy have generally been a headwind for emerging markets stocks. In China, restrictive policies around mobility due to COVID-19 and governmental policies unfriendly to large, fast-growing technology companies, have created some uncertainty on the future path of growth. There are early signs, however, that travel restrictions in China are slowly being lifted.

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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