

Zurich American Century Global Growth

Quarterly Investment Option Update

30 June 2019

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	69.7
Canada	0.5
UK	4.5
Europe	10.7
Asia ex-Japan	4.4
Japan	5.0
Emerging Markets	3.1
Cash	2.1

Sector Allocation	%
Communication Services	3.6
Consumer Discretionary	9.7
Consumer Staples	6.0
Energy	4.7
Financials	17.6
Health Care	17.1
Industrials	12.6
Information Technology	18.7
Liquids	2.1
Materials	4.6
Real Estate	3.3
Utilities	0.0

Top Holdings	%
Amazon.com Inc.	2.7
Visa Inc.	2.5
Alphabet	2.4
Adobe Systems	2.1
Equinix	2.0
AIA Group Ltd	2.0
American Express Co.	1.8
IHS Markit	1.7
Danaher Corp.	1.6
Alibaba Group Holdings	1.6

Portfolio Summary

- Global equities rose for the second-consecutive quarter, with most major markets rising.
- The key contributors to relative performance included MarketAxess Holdings, IHS Markit and IDEXX Laboratories.
- The portfolio continues to be positioned for an environment of slowing macroeconomic and earnings growth.

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.

Purchases in the quarter included Zebra Technologies and Prudential. Zebra develops hardware and software to aid businesses in gathering data and monitoring assets remotely. Driving demand for Zebra's products are logistical complexity resulting from omnichannel merchandising, the rising prevalence of automation and greater regulatory complexity. Prudential was purchased as its life insurance business in Asia is well positioned to sustain strong growth for the foreseeable future given rising incomes and the wide health protection gap in the region. Prudential's risk/reward is also highly attractive.

Sales in the quarter included Wells Fargo & Co. and Zions Bancorporation. The position in Wells Fargo was eliminated due to concerns that an ongoing shake-up in the financial services company's upper management team will be protracted and adds to the risk of further delays in the turnaround of its core business. The investment thesis for Zions has largely played out as the initial attraction to this bank included credit normalisation, leverage to higher rates and improving return on equity. The first two factors have come to pass, and the third factor is in late stages. As such, the position was eliminated.

Market Commentary

Global equities rose for the second-consecutive quarter, with most major markets rising. Emerging markets and UK equities lagged. Despite escalating US-China trade conflicts, stocks were supported by central bank policies hinting at more accommodative stances in China, Brazil, India and Australia as well as Europe and the US.

Outlook

The portfolio continues to be positioned for an environment of slowing macroeconomic and earnings growth. The investment team remains biased toward companies where growth is driven by secular rather than cyclical change. The Fund is invested in companies with revenue profiles that are more visible, and, remains invested in companies with idiosyncratic growth drivers.

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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