

Emerging Markets Equity Fund

Fund Focus - August 2021



Investment Strategy

This Fund is suitable for investors seeking long term capital growth from shares listed in global emerging markets.

Fund Facts

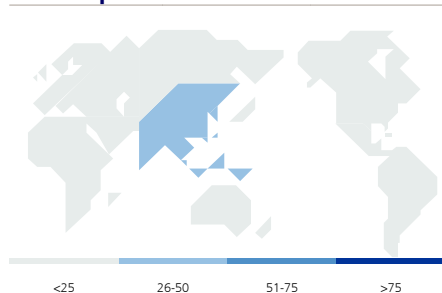
APIR Code	ZUR0614AU
Inception Date	23/06/2014
Total Est. Management Cost % [^]	1.58
Buy/Sell Spread%	0
Est. Transactional Op. Cost %	Nil
Distribution Frequency	Annually
Underlying Fund Manager	Wells Capital Management, Inc

Portfolio Characteristics

Funds Under Management	\$0.39m
Number Of Holdings	117
Turnover Ratio%	109.70
Latest distribution date	30 Jun 2021
Latest distribution amount	0.0497
Benchmark	MSCI Emerging Markets Index in \$A (net dividends reinvested)

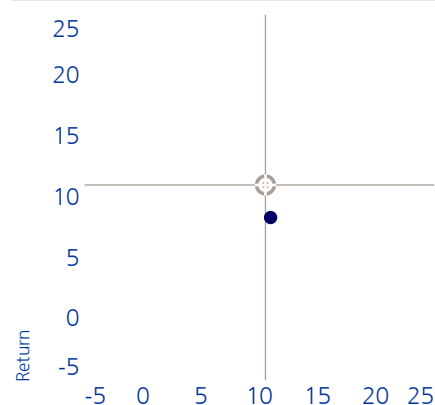
Market Exposure

Greater Europe Greater Asia Americas



Risk Reward

Time Period: 31/08/2016 to 31/08/2021

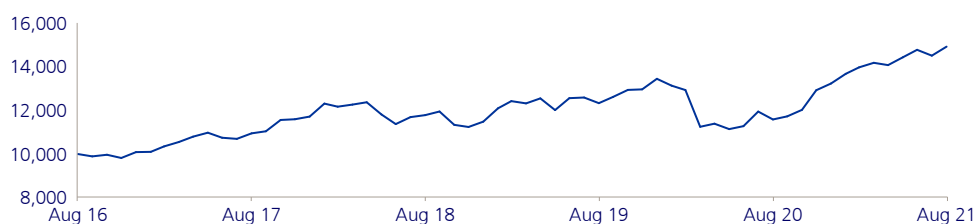


Fund Performance After Fees*

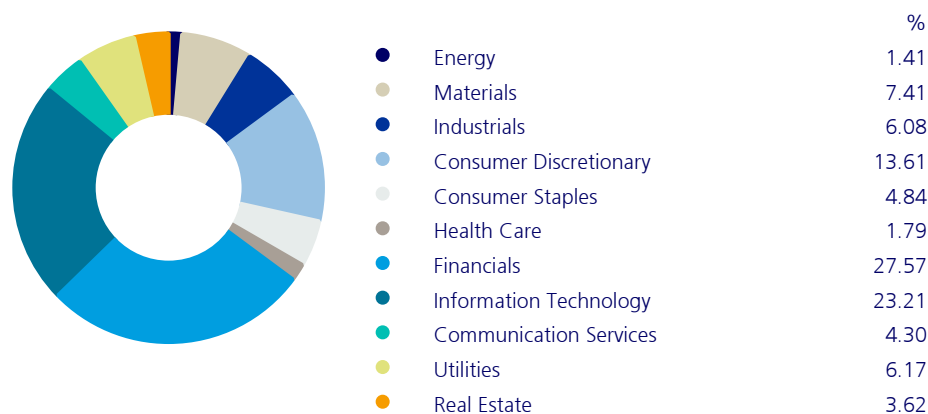
As at 31/08/2021	1 Month %	3 Months %	1 Year % p.a	3 Years % p.a	5 Years % p.a	Since Inception % p.a
Growth	2.85	-0.60	23.88	1.84	2.26	3.13
Distribution	0.00	4.00	4.98	6.36	6.09	5.10
Total	2.85	3.40	28.86	8.20	8.35	8.23
Benchmark	3.21	1.54	22.56	9.48	11.02	9.46

Investment Growth

31/08/2016 to 31/08/2021



Portfolio Equity Sectors



Risk Statistics

Time Period: 31/08/2016 to 31/08/2021

Std Dev	10.95
Alpha	-1.87
Beta	0.95
Sharpe Ratio (arith)	0.68
Up Capture Ratio	84.74
Down Capture Ratio	94.04

Top 10 Holdings

Portfolio Date: 31/08/2021	Portfolio Weighting%	Benchmark Weighting%
Taiwan Semiconductor Manufacturing Co Ltd	7.06	6.68
Samsung Electronics Co Ltd	3.35	3.87
China Construction Bank Corp Class H	2.20	0.85
Infosys Ltd ADR	2.12	0.00
Alibaba Group Holding Ltd Ordinary Shares	1.90	3.95
Midea Group Co Ltd Class A	1.48	0.00
Power Grid Corp Of India Ltd	1.47	0.09
Samsung Electronics Co Ltd Participating Preferred	1.45	0.62
Ping An Insurance (Group) Co. of China Ltd Class H	1.42	0.60
Baidu Inc ADR	1.39	0.52

Market

Emerging markets advanced in August. Eight out of eleven sectors generated positive returns during the month including utilities, energy, and financials whereas consumer discretionary, health care, and materials posted losses. At the country level, 12 out of 27 countries generated positive returns including Argentina, Thailand, and the Philippines while Pakistan, Brazil, and Korea declined.

Performance

The Fund delivered a solid absolute return in August but was unable to keep pace with the strong index return. For the 12 months to 31 August 2021, the Fund is comfortably ahead of the index return.

The Asian region performed in line with the broader index in August. Thailand cut its 2021 growth outlook amid the country's worst COVID-19 wave. However, in the second half of the month the country shifted to an endemic COVID-19 strategy, "learning to live with COVID-19," which will focus on containing the virus such that infections don't overwhelm public health resources rather than bring cases to zero to generate more economic activity. The Philippines eased movement restrictions to the second strictest level in the metro Manila region for the last 10 days of the month and the central bank said it was likely to maintain its easy monetary policy until gross domestic product (GDP) growth and unemployment near pre-pandemic levels. India reported the highest GDP growth for the quarter (ended June 2021) since the government began compiling data in the mid-90s. The local market also benefitted from China's recent clampdowns as investors looked for new opportunities in other Asian countries. China/Hong Kong underperformed as the regulatory clampdown, which initially targeted private education, internet companies, and real estate, spread to additional industries. The composite Purchasing Managers Index (PMI) declined for a third consecutive month, the first contractionary reading since February 2020, driven by a drop in the non-manufacturing PMI as China imposed strict measures to contain the spread of the Delta variant.

Latin America underperformed in August. Colombia increased its 2021 growth forecast as the economy shows signs of a faster recovery. Domestic demand in Mexico improved illustrated by an increase in private consumption in May, the second straight 20%+ reading after 16 consecutive negative readings. In Chile, President Pinera announced an extension of the Emerging Family Income program through November and with 70% of the population fully vaccinated, the country reduced its nighttime curfew, which could be eliminated by the end of September when the State of Constitutional Exception expires. Brazil was the only country in the region that experienced a decline in August primarily due to rising concerns on the political front as President Bolsonaro campaigned against the voting system, requested the senate to impeach a supreme court justice, and pledged to increase social spending ahead of the 2022 election. The central bank increased its policy rate with expectations to eventually move above the neutral rate given further upside risk to inflation as the economy reopens.

The Emerging Europe, Middle East and Africa (EMEA) region was the best performing region in August. Hungary was the best performing market in the region as it reported strong second quarter GDP growth, with GDP reaching pre-pandemic levels a quarter earlier than expected. The central bank increased the policy rate for the third month in a row. The United Arab Emirates announced tourist visas to anyone that has been vaccinated with one of the shots approved by the World Health Organisation as part of the country's "national efforts to achieve sustainable recovery and economic growth." Kuwait's market reached a record high during the month due to a rebound in Brent and strength in the financials sector as the government supported the sector by subsidising a retail loan relief program.

Outlook

Emerging market equities rebounded in August on a more dovish than expected stance from the US Federal Reserve (Fed) at Jackson Hole, bringing year-to-date performance back to positive territory (in US Dollar terms). Emerging market equities are pressured by regulatory risks in China, particularly for new economy and platform businesses and overseas listing/VIE structures, however, valuations are beginning to look interesting. China remains an attractive long-term story on high quality growth and economic upgrade, despite the uncertainty surrounding tighter regulation of the internet and property sectors and policies for "common prosperity." Neighboring Taiwan and Korea lead in advanced technology and digital and green development, though technology heavy equity markets are expected to be volatile given the sensitivity to Fed tapering. South and Southeast Asia's growing role as factory to the world is being delayed by 2nd and 3rd COVID-19 waves. India should continue to attract foreign direct investment on growth-oriented policies and its large domestic market. Emerging Asia earnings have started to see pressure from rising costs, input and regulatory compliance, resulting in some earnings downgrade. This is expected to continue.

While commodity exporters in Latin America and Europe, the Middle East and Africa (EMEA) are enjoying higher prices, manufacturers and consumer will feel the squeeze. Emerging market core inflation (ex-China/Turkey) is likely to stay elevated. Interest rates are rising, led by major markets such as Brazil and Russia and more recently joined by Korea. Chile is increasingly hawkish and frontloading the rate hike. Mexico's economy should hold up, lifted by strong US recovery, even if the Fed starts to signal tapering. Brazil is facing challenges from drought and risk to reform due to re-election uncertainty. Political concerns remain high in smaller Andean countries. The EMEA region benefits from the higher oil price, though the oil price could retreat as OPEC+ and Iran resume production while demand softens on delta variant fears. The value proposition still looks attractive in Russia and South Africa. Russian equities provide some of the highest dividend yields. The investment team continues to see opportunities in the reflation trade and for sustainable dividend yield to return to favor.

* Performance returns quoted are compound rates of return calculated on exit prices and assume reinvestment of distributions. Returns are calculated net of all ongoing fees and any taxes payable by the fund. Total return includes both growth and distribution returns. Growth return is the change in exit price over the relevant period. The benchmark return shown is a gross return. Please note that figures shown are rounded to one decimal place, therefore some rounding errors may occur.

^ The Estimated Total Management Cost of 1.58% includes a Management Fee of 1.4%, an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.18%

Past performance is not a reliable indicator of future performance.

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