

Emerging Markets Equity Fund

Fund Focus - June 2022



Investment Strategy

The investment strategy includes both a top-down strategy, which takes account of overall economic and market trends in each country, and a bottom up strategy, which employs fundamental research for security selection. In order to take advantage of the wide range of possible opportunities in a variety of markets at different stages of economic development, a portfolio is constructed with the potential for a high portfolio dividend yield while maintaining a controlled level of risk.

Portfolio Characteristics

| | |
|----------------------------|---|
| Funds Under Management | \$0.53m |
| Number of Holdings | 97 |
| Turnover Ratio % | 96.21** |
| Latest Distribution Date | 30 June 2022 |
| Latest Distribution Amount | 0.0776 |
| Benchmark | MSCI Emerging Markets Index in \$A (net dividends reinvested) |

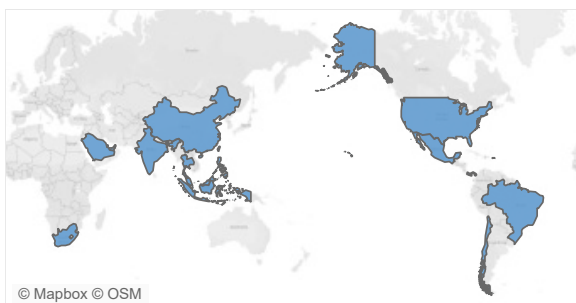
Fund Facts

| | |
|-------------------------------|------------------------------|
| APIR Code | ZUR0614AU |
| Inception Date | 26 June 2014 |
| Total Est. Management Cost % | 1.78 |
| Est. Transactional Op. Cost % | 0 |
| Buy/Sell Spread % | 0.00 |
| Distribution Frequency | Annually |
| Underlying Fund Manager | Allspring Global Investments |

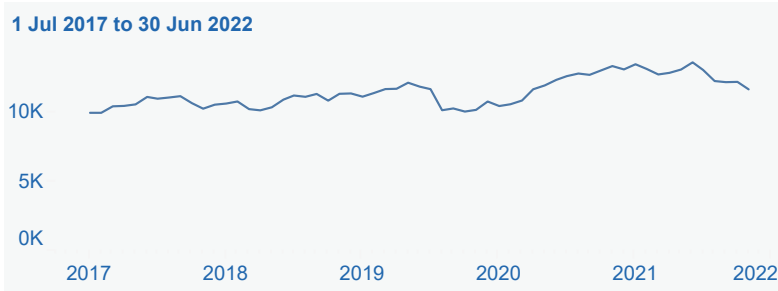
Fund Performance After Fees*

| | 1 Month | 3 Months | 1 Year | 3 Years | 5 Years | Since Inception |
|--------------|---------|----------|--------|---------|---------|-----------------|
| Distribution | 6.87 | 6.83 | 6.28 | 5.83 | 6.19 | 5.43 |
| Growth | -11.29 | -11.72 | -18.88 | -4.89 | -2.43 | 0.03 |
| Total | -4.43 | -4.89 | -12.60 | 0.94 | 3.75 | 5.46 |
| Benchmark | -2.61 | -3.30 | -18.43 | 1.25 | 4.43 | 6.02 |

Market Exposure

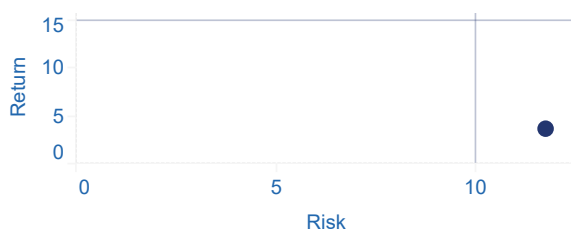


Investment Growth (\$10,000)

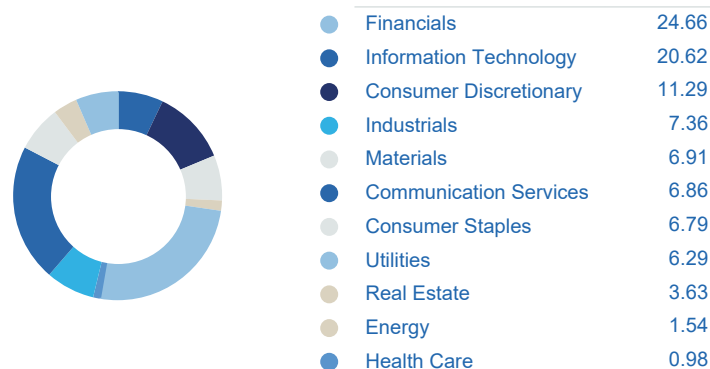


Risk Reward

1 Jul 2017 to 30 Jun 2022



Portfolio Equity Sectors (%)



Top 10 Holdings (%)

| | Weight | Benchmark |
|----------------------------|--------|-----------|
| Taiwan Semiconductor M.. | 7.93 | 6.59 |
| Samsung Electronics Co... | 2.98 | 3.61 |
| Alibaba Group Holding Lt.. | 2.56 | 2.58 |
| Samsung Electronics Co .. | 2.55 | 0.56 |
| China Construction Bank .. | 1.79 | 0.99 |
| Postal Savings Bank of C.. | 1.63 | 0.08 |
| Infosys Limited Sponsore.. | 1.59 | 0.00 |
| Baidu, Inc. Class A | 1.52 | 0.00 |
| KB Financial Group Inc. | 1.50 | 0.27 |
| China Resources Land Li.. | 1.49 | 0.20 |

Risk Statistics

1 Jul 2017 to 30 Jun 2022

| | |
|-----------------------|-------|
| Std Dev | 11.73 |
| Alpha | -0.38 |
| Beta | 0.96 |
| Sharpe Ratio (arith) | 0.32 |
| Up Capture Ratio | 90.10 |
| Down Capture Ratio | 90.85 |
| Currency Management % | 0 |

Market Commentary

Emerging markets declined in the second quarter. At the sector level, only consumer discretionary experienced a gain whilst all other sectors declined. Similarly, at the country level all countries with the exception of China/Hong Kong, declined. China/Hong Kong led the index, generating a quarterly gain for the first time since the second quarter of 2021. Sentiment began to improve mid-quarter as the People's Bank of China cut the five-year loan prime rate and the State Council announced incremental measures to stabilise the economy.

Fund Commentary

The Fund fell with the market in the quarter and was unable to outperform the index return. Calendar year-to-date, the Fund is ahead of the index return by 1.97%.

Tencent Holdings was the leading detractor due to the Fund's underweight position in the name. The investment team has maintained the underweight in Tencent Holdings as they believe the internet industry is transitioning to a slower growth environment with a healthier competitive landscape.

Real estate contributed positively as China Resources Land, a state-owned property developer, performed well on signs of regulatory relaxation and monetary easing. Property sales are starting to show good sequential volume growth which should benefit China Resources Land due to its sizable land bank.

Energy detracted with oil refiner, Hindustan Petroleum Corp, being the leading detractor. The company and its peers have not passed on the market-based fuel price to consumers, resulting in a continuation of losses on diesel and retail fuel. Hindustan Petroleum Corp was subsequently exited as the government and central bank's efforts to tame inflation lower the probability of a reversal in losses.

At the country level, positioning in the United Arab Emirates (UAE) and Taiwan contributed positively. Fertiglobe PLC, the largest nitrogen fertiliser producer in the Middle East and North Africa, was the leading contributor in the UAE. The company is experiencing strong demand for fertilisers, which has so far not been met by a strong supply response. The company is also well positioned with low costs and generates healthy free cash flow that is supportive to dividends and growth investments in areas such as clean hydrogen.

The investment team added to China in the quarter given expectations for the economy to recover considering supportive monetary and fiscal policy, a modest relaxation in mobility restrictions, a reduction in regulatory scrutiny on platform businesses and bottoming out of the property sector.

The exposure to information technology and real estate was reduced given a slowdown in consumer electronics spending, especially amid inflationary pressure, resulting in higher interest rates in most of the emerging world, with the exception of China.

Despite challenges from inflation and higher interest rates, economic activity in emerging markets is holding up with no red flags for crises. Whilst global tensions are expected to persist and weight on growth this year, emerging market valuations are compelling. The investment team expects emerging markets to continue to outperform developed markets for the second half of the year and into 2023, as relative growth premium expands once again.

* 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. **12 month turnover at 30 June 2022.

^ The Estimated Total Management Cost of 1.78% an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.38%.

Past performance is not a reliable indicator of future performance.

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