

Emerging Markets Equity Fund

Fund Focus - September 2022



Investment Strategy

The investment team at Allspring Global Investments looks for companies with a sustainable high dividend yield backed by strong company financials and fundamentals, including above-average sales and earnings growth, overall financial strength, competitive advantages, and capable management. The team may sell a holding when it no longer has some or all of these traits. The investment strategy includes both a top-down strategy, which takes account of overall economic and mar..

Portfolio Characteristics

Funds Under Management	\$0.45m
Number of Holdings	96
Turnover Ratio %	91.68**
Latest Distribution Date	30 June 2022
Latest Distribution Amount	0.0776
Benchmark	MSCI Emerging Markets Index in \$A (net dividends reinvested)

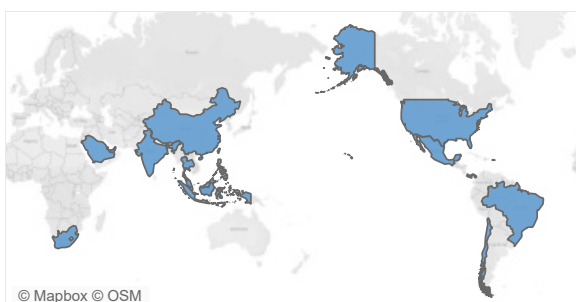
Fund Facts

APIR Code	ZUR0614AU
Inception Date	26 June 2014
Total Est. Management Cost %	1.56
Est. Transactional Op. Cost %	0
Buy/Sell Spread %	0.00
Distribution Frequency	Annually
Underlying Fund Manager	Allspring Global Investments

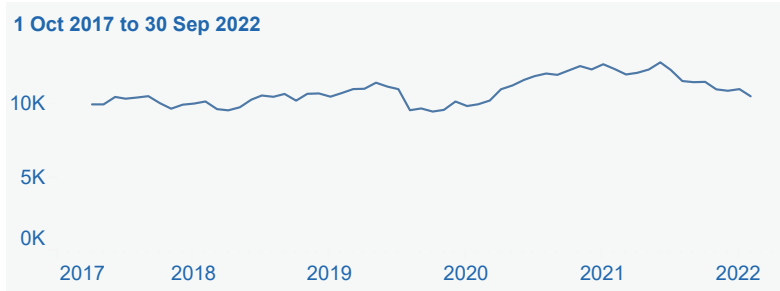
Fund Performance After Fees*

	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Distribution	0.00	0.00	6.10	5.74	6.10	5.22
Growth	-4.43	-4.29	-21.12	-6.42	-3.81	-0.50
Total	-4.43	-4.29	-15.02	-0.68	2.29	4.72
Benchmark	-5.87	-5.42	-19.24	-0.49	2.18	5.12

Market Exposure

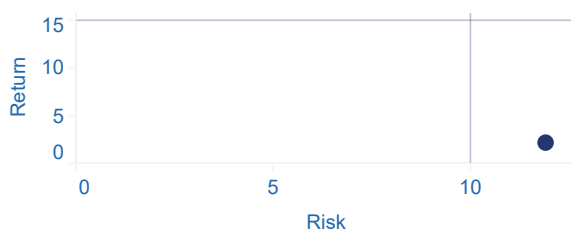


Investment Growth (\$10,000)



Risk Reward

1 Oct 2017 to 30 Sep 2022



Portfolio Equity Sectors (%)



Top 10 Holdings (%)

	Weight	Benchmark
Taiwan Semiconductor M..	7.35	6.32
Alibaba Group Holding Lt..	3.00	2.82
Samsung Electronics Co...	2.68	3.29
Tencent Holdings Ltd.	2.62	4.02
Samsung Electronics Co ..	2.32	0.52
Infosys Limited Sponsore..	1.87	
Midea Group Co. Ltd. Cla..	1.86	
China Construction Bank ..	1.63	0.92
Baidu, Inc. Class A	1.61	0.62
Bank of Baroda	1.60	

Risk Statistics

1 Oct 2017 to 30 Sep 2022

Std Dev	11.89
Alpha	0.30
Beta	0.95
Sharpe Ratio (arith)	0.19
Up Capture Ratio	91.46
Down Capture Ratio	88.61
Currency Management %	

Market Commentary

The MSCI Emerging Markets Index declined during the September quarter. Weak index returns were driven in part by currency moves whereby all emerging market currencies depreciated versus the US dollar. At the country level, 6 out of 24 countries generated positive returns, including Turkey, Brazil and Indonesia, whilst Poland, China/Hong Kong and the Czech Republic underperformed. All sectors generated negative returns during the quarter, including real estate, communication services, consumer discretionary and information technology (IT), each of which declined more than 15%. Energy, utilities and consumer staples outperformed other sectors.

Fund Commentary

The Fund fell with the market in the September quarter but was ahead of the index return by 1.34% in Australian dollar terms.

China/Hong Kong was the leading contributor to performance due to a combination of stock selection and an average underweight as the market declined 22.5% during the quarter. The leading detractors were all Chinese companies, including Postal Savings Bank of China, a leading retail bank in China. The bank reported positive first-half results but still underperformed given expectations for the banking industry in China to experience net interest margin compression from interest rate cuts, and rising net profit loss pressure from the extended property down cycle.

India was one of the better-performing markets in the third quarter. Three of the Fund's top five leading contributors were Indian companies, including Colgate-Palmolive (India), India's largest oral-care products company. Although the company reported first-quarter fiscal-year 2023 revenue growth that was below consensus estimates due to a decline in volumes emanating from continued weak rural demand, the company's product portfolio is defensive and therefore attractive in the current market environment.

Positioning and stock selection in the communication services and financials sectors resulted in positive attribution but this was partially offset by stock selection in materials and an underweight in energy.

Financials stock selection was positive due in part to a position in LIC Housing Finance, the second-largest housing finance non-bank financial company in India. The company reported in-line quarterly results including a strong year-over-year increase in net income and solid year-over-year growth in loans. LIC Housing Finance remains attractive given all asset-quality metrics have improved year-over-year and it is leveraged to growth tailwinds, including a preference for larger houses, wage inflation and strong hiring trends.

Ganfeng Lithium, a leading lithium producer in China, was the leading detractor in the materials space. The company reported impressive increases in net profits and gross margins but performed poorly given market concerns of a correction in lithium prices in 2023. The supply/demand dynamics are expected to remain tight in 2023 as new projects have been delayed primarily due to COVID-19, as well as expectations for new energy vehicle sales to grow by 2 to 3 million in China and 1 million in the rest of the world.

The outlook is indeed challenging for global economies; however, there is a silver lining in emerging markets. Stronger monetary and fiscal stimulus is expected to continue in China with confirmation of Xi Jinping's third term at the 20th Communist Party Congress in mid-October. Overall, new opportunities are being found in all emerging market regions from the bottom up. Margin pressures are expected to ease as input costs come down, and there appears to be an end in sight to tightening cycles in emerging markets compared with developed markets. Emerging market valuations are very compelling at 10x forward earnings and an approximate 45% discount to developed markets. Emerging markets should outperform developed markets through 2023 as the relative growth premium of emerging versus developed markets 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 over to 30 September 2022.

^ The Estimated Total Management Cost of 1.56% includes an Estimated Performance Fee of 0% and and Estimated Indirect Costs of 0.16%.

Past performance is not a reliable indicator of future performance.

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