

# Global Thematic Share Fund

Fund Focus - June 2023



## Investment Strategy

The Fund generally invests in a broad selection of securities listed on foreign stock exchanges. The Fund will actively hedge up to 40% of the Fund's exposure to international currency back to Australian dollars.

## Portfolio Characteristics

Funds Under Management	\$251.34m
Number of Holdings	101
Turnover Ratio %	6.610
Latest Distribution Date	30 June 2023
Latest Distribution Amount	0.0053
Benchmark	MSCI World (ex Australia) Accumulation Index in \$A (net dividend reinvested)

## Fund Facts

APIR Code	ZUR0061AU
Inception Date	25 July 1997
Total Est. Management Cost %	1.01
Est. Transactional Op. Cost %	Nil
Buy/Sell Spread %	0.04
Distribution Frequency	Semi Annually
Underlying Fund Manager	Lazard Asset Management Pacific Co

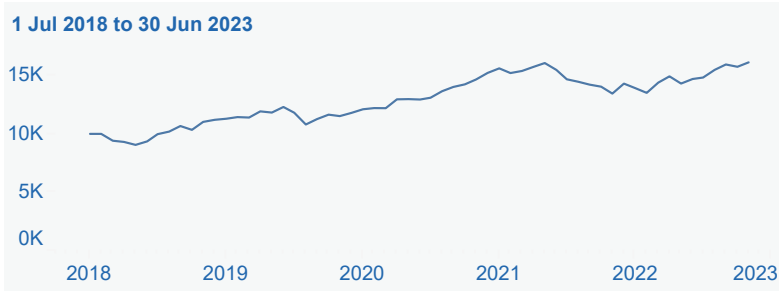
## Fund Performance After Fees\*

	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Distribution	0.37	0.38	0.60	2.65	2.53	5.70
Growth	2.03	3.77	19.27	9.19	8.92	1.49
Total	2.40	4.15	19.86	11.84	11.45	7.20
Benchmark	3.12	7.63	22.59	13.48	11.46	7.03

## Market Exposure



## Investment Growth (\$10,000)

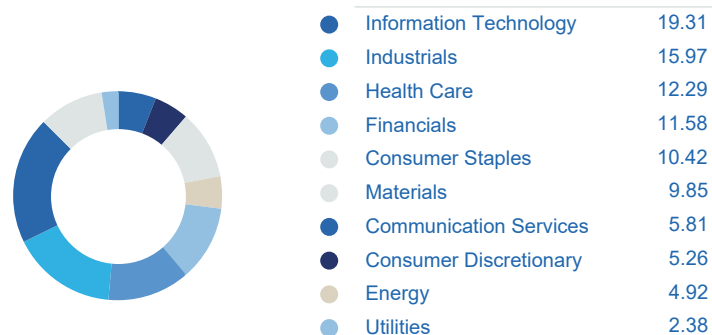


## Risk Reward

1 Jul 2018 to 30 Jun 2023



## Portfolio Equity Sectors (%)



## Top 10 Holdings (%)

	Weight	Benchmark
Microsoft Corp	2.55	4.33
Boston Scientific Corp	1.44	0.14
Iberdrola	1.43	0.14
BP	1.41	0.00
Amazon.Com	1.36	2.16
Unitedhealth Group	1.32	0.81
Waste Management	1.30	0.13
Stryker Corp	1.27	0.19
Thermo Fisher Scientific	1.25	0.36
Linde Plc	1.24	0.34

## Risk Statistics

1 Jul 2018 to 30 Jun 2023

Std Dev	11.55
Alpha	1.01
Beta	0.91
Sharpe Ratio (arith)	0.99
Up Capture Ratio	92.49
Down Capture Ratio	86.57
Currency Management %	0

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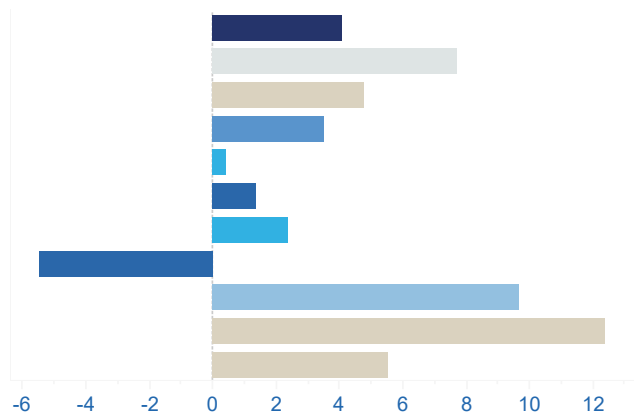


## Theme Weight %



● Bits of Chips	8.30
● Data & AI	10.20
● Digital Runway	6.50
● Empowered Consumer	10.80
● Enduring Brands	9.80
● Energy Transitions	9.80
● Future of Health	10.30
● Scare Commodities	4.30
● Smart Capex	8.00
● Software as a Standard	9.90
● Sustainable Solutions	10.80

## Contribution by Theme %



Note: Total will not add up to 100%, the balancing item is cash

## Market Commentary

Despite stiffening economic headwinds throughout most of the world, global equity markets advanced in the second quarter. In the US, the central bank took a breather in June on rate rises to assess the impact that the blizzard of rate hikes has had on the US economy. While the pause was expected, markets turned choppy in the final weeks of the quarter after the US central bank also warned that it could lift interest rates two more times this year. The European Central Bank (ECB) implemented two rate hikes during the quarter and repeatedly warned that there would be no let-up in its aggressive effort to stamp out high price growth in Europe. In the UK, the Bank of England lifted rates in May and June and cautioned that further hikes were on the horizon if domestic inflation did not show clear signs of decelerating. Developments in China remained a source of anxiety for investors. China has been confronted with the threat of low consumer inflation and plunging producer prices, raising fears that the world's second largest economy was at risk of falling into a deflationary spiral. To spur domestic consumption and investment, China's central bank cut its short-term lending rate in June, though the reduction was less than expected and fuelled expectations of further stimulus in the near term.

## Fund Commentary

The Fund produced a solid absolute return in the June quarter but was unable to keep pace with the impressive index return. The top performing themes are discussed below in order of contribution.

**Software as a Standard:** Positive news flow and product demonstrations of the integration of new generative AI tools into software products benefited holdings, with Microsoft and Adobe rising the most. PTC, SAP, and Salesforce also rose.

**Asset Efficiency:** Robust demand, easing supply-chain headwinds and market expectations for AI-driven automation growth led to rises in Johnson Controls, Cognex, Rockwell, and Schneider.

**Data, Networks & Profits:** Alphabet rose on expectations for faster adoption of generative AI and integration within its suite of products.

**Sustainable Solutions:** AZEK rose on expectations for cyclical recovery following channel destocking of decking inventory and easing of raw materials inflation. Ecolab and PPG rose on easing supply chain impact.

**Empowered Consumer:** Amazon rose on stronger-than-expected retail sales data and expectations for higher demand for cloud infrastructure due to broader adoption of generative AI.

**Bits of Chips:** Anticipation of increased AI-related semiconductor spending drove higher share prices at Applied Materials and TSMC. Aptiv declined on continued supply chain-driven margin pressure.

**Digital Runway:** Bank Rakyat climbed on continued growth in micro-banking and expectations for monetary easing from Indonesia's central bank.

The theme Extreme Risks is evolving into a new theme, Scarce Commodities. The Fund's global framework identifies extreme monetary and fiscal policy as a key feature of today's investment landscape. Gold and gold mining equities were utilised in the Extreme Risks theme as quasi-real assets that should rise in nominal terms during currency debasement, and US banks were included as a hedge against the likely policy response of higher rates and potentially higher long-term bond yields. While conviction in the theme has increased, the implementation of the theme is evolving. Gold and gold mining equities will be retained, but the exposure to US banks has been retired on concerns regarding the potential for stronger capital requirements, more regulation and tougher competition for deposits. The investment team feel more confident in the ability of the broader commodity complex to benefit from the policy drivers identified in the Fund's Global Framework. Demographic-led consumption in emerging markets, alongside huge government-spending programs in the West focused on green infrastructure, represent a compelling demand opportunity. But what makes the situation particularly potent are deeply embedded supply constraints after years of underinvestment and disincentives to build new capacity. This combination offers significant upside asymmetry for companies who own underlying resources and capacity. Commodities such as copper are a good example of this policy support and scarce supply, and the investment team has subsequently added two new holdings to this theme—Anglo American and Antofagasta.

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 1.01% includes an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.03%.

Past performance is not a reliable indicator of future performance.

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