

# Hedged Global Thematic Share Fund

Fund Focus - August 2023



## Investment Strategy

The Fund generally invests in a broad selection of securities listed on foreign stock exchanges. The Fund aims to be fully hedged at all times providing investors with exposure to underlying share price movements but minimising the effect of foreign exchange movements.

## Portfolio Characteristics

Funds Under Management	\$9.33m
Number of Holdings	103
Turnover Ratio %	10.74
Latest Distribution Date	31 December 2018
Latest Distribution Amount	0.0009
Benchmark	MSCI World (ex-Australia) Accumulation Index (fully hedged into\$A) (net dividends reinvested)

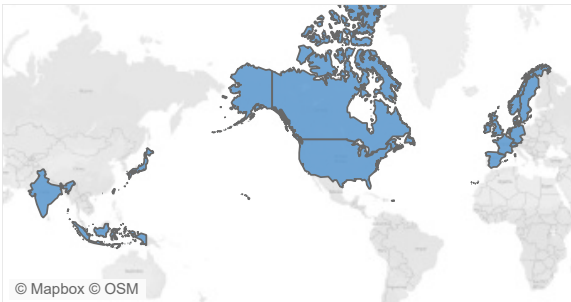
## Fund Facts

APIR Code	ZUR0517AU
Inception Date	14 October 2005
Total Est. Management Cost %	0.99
Est. Transactional Op. Cost %	0.11
Buy/Sell Spread %	0.04
Distribution Frequency	Semi Annually
Underlying Fund Manager	Lazard Asset Management Pacific Co

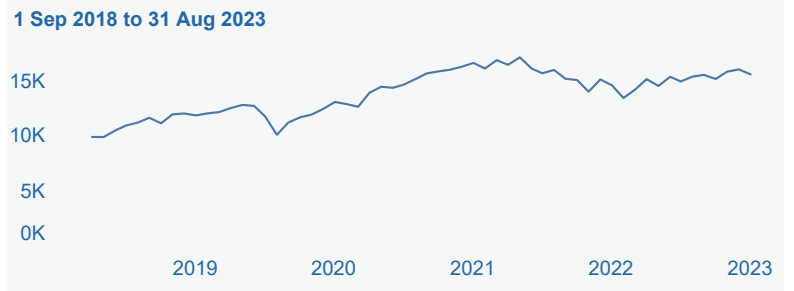
## Fund Performance After Fees\*

	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Distribution	0.00	0.00	0.00	0.00	0.03	8.49
Growth	-2.85	2.73	6.85	6.02	7.03	-0.38
Total	-2.85	2.73	6.85	6.02	7.06	8.12
Benchmark	-1.85	6.58	13.01	8.42	7.49	7.86

## Market Exposure

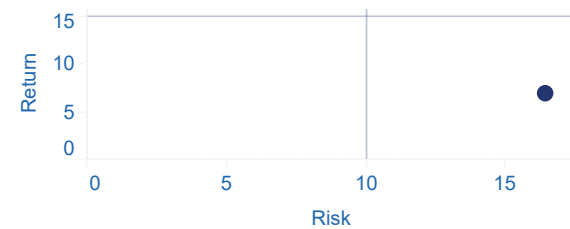


## Investment Growth (\$10,000)

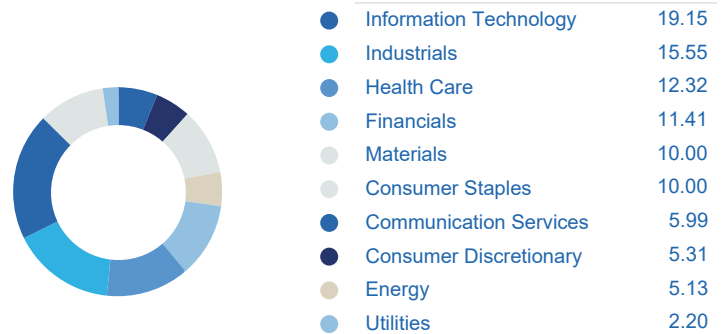


## Risk Reward

1 Sep 2018 to 31 Aug 2023



## Portfolio Equity Sectors (%)



## Top 10 Holdings (%)

	Weight	Benchmark
Microsoft Corp Commo	2.47	4.14
Alphabet Inc Common	2.45	2.75
Bp Plc Common Stock	1.51	0.00
Amazon.Com Inc Commo	1.47	2.28
Boston Scientific Co	1.44	0.14
Adobe Inc Common Sto	1.42	0.46
Totalenergies Se Com	1.35	0.25
Iberdrola Sa Common	1.34	0.13
Thermo Fisher Scient	1.34	0.38
Unitedhealth Group I	1.32	0.79

## Risk Statistics

1 Sep 2018 to 31 Aug 2023

Std Dev	16.39
Alpha	0.05
Beta	0.93
Sharpe Ratio (arith)	0.43
Up Capture Ratio	93.87
Down Capture Ratio	94.04
Currency Management %	100

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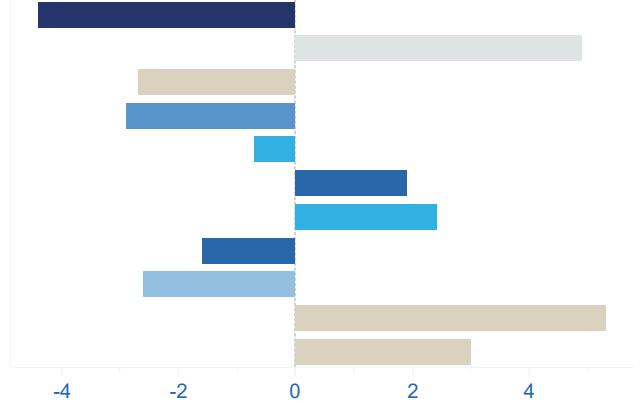


## Theme Weight %



● Bits of Chips	7.90
● Data & AI	10.70
● Digital Runway	6.20
● Empowered Consumer	10.40
● Enduring Brands	8.60
● Energy Transitions	9.90
● Future of Health	11.40
● Scare Commodities	4.30
● Smart Capex	7.30
● Software as a Standard	10.50
● Sustainable Solutions	11.00

## Contribution by Theme %



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

## Market Commentary

Stock markets worldwide were under significant pressure during the month, thanks to a rapid rise in bond yields globally that undercut the appeal of risk assets. The bond market pressure was fuelled by lingering uncertainty about the interest-rate policy paths of key central banks, especially the US Federal Reserve (Fed). Investors entered August hopeful that the Fed's rate-hiking cycle was near an end with the potential for interest rate cuts next year, but this optimism faded after a string of stronger-than-expected reports on the US economy stoked anxiety that upward price pressure remained, potentially forcing the Fed to adopt a "higher for longer" interest rate policy stance. However, global equity markets regained some of their earlier losses after the Fed reiterated that it would maintain a neutral, data-driven approach toward any future actions, and that it would "proceed carefully" in its decisions about future rate hikes. Against this backdrop, equity markets in both the developed and developing worlds retreated in August in local currency terms. In the US, the S&P 500 Index recorded its first monthly loss since February. In Europe, the market was weighed down by elevated bond yields and a worsening economic outlook for Europe and China, the common currency bloc's top export market. In China, the Hong Kong-based Hang Seng Index tumbled on bearish sentiment about China's deteriorating economic outlook.

## Fund Commentary

The Fund produced a negative absolute return in August in Australian dollar terms and was unable to keep pace with the index return. Themes are discussed below in order of contribution.

**Software as a Standard:** Bullish sentiment about artificial intelligence (AI) continued to be broad tailwinds for the theme with Intuit, Adobe, and Autodesk rising most. Intuit and Autodesk also reported strong operating results, with the former surprising the market with strength in its QuickBooks and Credit Karma businesses and the latter with resiliency in its subscription model and renewals amidst macroeconomic headwinds.

**Data and AI:** Bullish sentiment about AI and data-related companies remain a broad tailwind for holdings in this theme such as Mastercard, Alphabet, and Visa. At its Cloud Next event, Alphabet introduced Duet AI (similar to Microsoft's Copilot), that allows for live integration of customer's data.

**Sustainable Solutions:** AZEK rose on better-than-feared sell-through in the US residential market, ongoing reduction in inventory, and margin expansion coming through from its cost saving initiatives. Jacobs gained on ongoing engineering services demand from its semiconductor, biotech, and electric vehicle clients and on increasing interest in the sale of its Critical Mission Solutions (CMS) business.

**Future Health:** Danaher gained on news it plans to acquire Abcam, a life science company specialising in antibodies. Siemens Healthineers retreated with operating results showing weaknesses in its imaging and Varian businesses.

**Energy Transitions:** Integrated energy holdings, BP and Total, climbed in sympathy with the rise in the price of oil. Vestas traded lower on slow orders and industry challenges with renewable developers (e.g. Orsted).

**Enduring Brands:** Spirits holdings, Pernod Ricard and Remy Cointreau, dropped on China-related weakness. Pernod Ricard also pointed to further weakness in the US, with dampening demand for on-trade channels.

**Scarce Commodities:** Antofagasta dropped on higher-than-expected medium-term capital expenditure spending. Anglo American receded due to ongoing operational challenges at some of its mines.

**Digital Runway:** Rising domestic macroeconomic concerns impacted China-exposed holdings, with Ping An Insurance, Prudential, and AIA declining most.

**Smart Capex:** Caterpillar traded higher on strong order trends and easing of concerns related to dealer inventory. Johnson Controls fell on worsening destocking trends and higher-than-expected amortisation expense.

**Empowered Consumer:** Amazon rose on re-acceleration in its AWS business and positive retail trends in North America. EA faltered on weakness in its Apex Legends franchise.

**Bits of Chips:** Applied Materials rose on strength in its Internet of Things, Automotive, Power, and Sensors (ICAPS) and memory end markets. Infineon declined on disappointing margins driven by higher under-utilisation charges as the company builds out capacity and increased inventory.

\* 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 0.99% includes an Estimated Performance Fee of 0% and Estimated Indirect Costs of 0.01%.

Past performance is not a reliable indicator of future performance.

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